



# ATH

Group of Companies

**2019** ANNUAL REPORT

# Amalgamated Telecom Holdings Limited and Subsidiary Companies

## Vision Statement

“To be an internationally competitive ICT investment company in the Pacific.”

## Mission Statement

“To enhance shareholder value by pursuing areas that leverage off our core investment in ICT.”

## Values

ATH's values are:

### Integrity

Practising good corporate governance and being faithful to our stakeholders.

### Accountability

Helping our stakeholders understand how we make decisions, taking ownership and being answerable and responsible for our actions.

### Innovation

Being at the forefront of product development and offerings.

### Efficiency

Delivering on time, and getting things right the first time.

### Effectiveness

Ensuring that our business is aligned with, and ultimately contributes to the achievement of our vision.

## Goals

### ATH's goals are:

- Enhance shareholder value.
- Exploit convergence between the information and telecommunication sectors to enter new areas of business.
- Acquire existing businesses or create and invest in newly established businesses to achieve growth.
- Become a company operating internationally and prominent in the Pacific.
- Adopt international best practices, standards and methods of operation.

# Amalgamated Telecom Holdings Limited and Subsidiary Companies

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## Chairman's Report



I am pleased to present our Annual Report for the year ended 31 March 2019.

Financial year 2019 has been another exciting, eventful and profitable year for the ATH Group as revenues and profitability continue to increase on a consolidated basis with our regional expansion making steady progress with promising initial results already being delivered. On a consolidated basis, our Group Revenue grew by 14%, Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) increased by 8%, and Net Profit after Tax (NPAT) attributable to shareholders of the holding company reduced slightly by 6.5%. These results have been achieved despite large one-off restructuring costs and incomes, and acquisition costs incurred in this financial year. Thus, in normalising the effects of these one-off acquisition costs and incomes, the underlying Net Profit after Tax (NPAT) attributable to shareholders of the holding company increased by 24%.

### Key Highlights

I am delighted to report to shareholders that with these transactions, ATH has now truly stamped its mark as a regional telecommunications player.

The recent transaction to acquire controlling interests in the Digitec Group of Papua New Guinea on 14 February 2019 and the Bluesky transaction which was (announced in September 2016) has now received all requisite approvals and was finalised on 22 February 2019.

We now have operations in six Pacific Island markets and look to expand upon this in the near future. It is significant to note that approximately 22% of Group revenues will be derived from operations outside Fiji. Management projections anticipate Group revenues and earnings will be diversified with 50% or more revenue/earnings coming from regional businesses in the next few years.

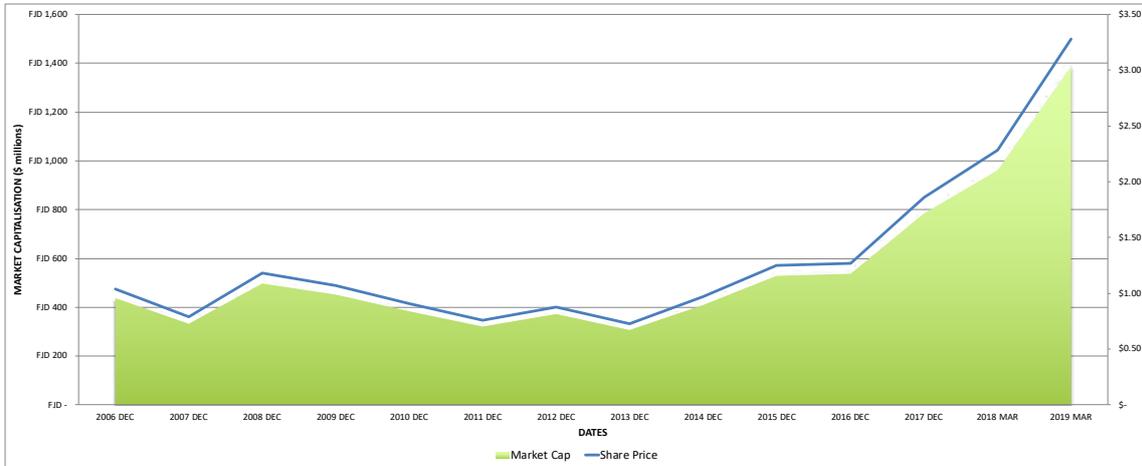
Key highlights during the year include:

- o Settlement of the transaction to acquire Amper SA's interests in the Bluesky Group on 22 February 2019. The Bluesky Group consists of telecommunications operations in American Samoa, Samoa and the Cook Islands.
- o Incorporation of ATH International Venture Pte Limited in Singapore on 7 December 2018 to acquire 70% shareholding of Digitec Communications Limited, Etech ICT Pte Limited (Singapore) and Etech ICT Pty Limited (Australia) (Digitec Group). The Digitec Group provides ICT products and services in Papua New Guinea. Crucial for ATH, are the telecommunications licence and radio spectrum Digitec holds that can be used to deploy a telecommunications network in Papua New Guinea.
- o Vodafone Fiji continues its exceptional performance by building on the previous year's customer growth with net subscribers reaching 819,000 this year. The Group's consolidated revenue increased by almost 6% from the previous year to \$336 million as Internet consumption continues to grow.
- o Vodafone Fiji has embarked on a \$160 million capital expenditure programme to ensure that its network capacity and coverage is able to satisfy vastly increasing broadband consumption in Fiji. Vodafone Fiji is mindful that technologies evolve at break-neck speeds, requiring our infrastructure to keep pace.
- o Telecom Fiji has also commenced providing a next level step up in broadband capability with its Ultra Fast Fiber broadband to the home. These initiatives, partnered with Netflix and Oracle for corporate solutions, will provide for a superior Fiji user experience.
- o Data / Internet Revenue was the main contributing income stream for the Group given the high demand in latest Smartphone devices and high internet usage.
- o Dividend declared for the financial year was \$10.5 million. ATH did not declare an interim dividend during the financial year; however, as we advised members last year, with the significant acquisitions and network expansions that ATH and its Group companies are undertaking, ATH is reinvesting a significant portion of profits into these projects. These strategic investments ensure that ATH continues to grow in a sustainable manner.

### ATH Share Price

ATH's share price strongly rallied during the year and closed at \$3.28 on 31 March 2019, reflecting the market's shareholders confidence in the Group's restructure, consolidation and regional expansion efforts and expectations of improvement of the Group's future performance.

## Chairman's Report (Cont'd)



### Outlook

Exciting changes through continued regional growth, restructuring, and evolution has been a consistent fact of life at ATH in recent years. ATH has embraced and implemented new technology and services. ATH is proud of what we have achieved, proactively positioning ourselves for on-going success in the face of world uncertainties. We have delivered changes while maintaining financial and operational momentum to ensure our business performance is to plan. This year, as part of the ATH Group strategy, our subsidiaries took a bolder stance to lead the market by simplifying their operations/product offerings, improving the customer experience and reducing their respective cost basis. A key element of the ATH Group strategy is about anticipating and shaping what telecommunications looks like in the future, and thus building the best possible capability to get there. At ATH we are bold visionaries; committed to a strong future position. We believe our strategy sets us up for a strong financial year ending 2020. As we look ahead we are confident we can continue to deliver for you as shareholders, while making a wider contribution to Fiji, and the Pacific region.

### Appointments

With the rapid growth of our regional investment portfolio, together with the continuing evolution of our existing businesses, there is an increased demand for the ATH Group to be led by capable executives. To this end, I am pleased to advise that the following key appointments have been made:

Mr Charles Goundar was confirmed as Chief Executive Officer of Telecom Fiji Pte Limited on 17 July 2018. He was acting as CEO since 31 December 2017. Mr Goundar has been with Telecom Fiji for 20 years, starting his career as a Graduate Trainee Engineer in December 1999 and progressing through various key technical and management roles, to the previously held role of General Manager Business Sales and Retail. He holds a Bachelor of Engineering Technology.

Mrs Sitla Chandra was confirmed as Chief Executive Officer of Fiji Directories Limited on 1 January 2019. She started with the company in January 2006 and resigned in January 2010 as Manager Finance. She re-joined the company in March 2013 as Manager Finance and Company Secretary. She has over ten years of senior management experience.

Mr Tangavel Barlen Lutchmoodoo was appointed Chief Executive Officer of Telecom Vanuatu Limited on 15 February 2019. Mr Lutchmoodoo was previously the Chief Commercial Officer and acting in the CEO role since December 2018 when Mr Divik Deo took extended leave to attend to personal matters. Mr Lutchmoodoo has been a key member of the executive team at TVL for the past four years. He holds a Bachelor of Technology in Electronics and Communication and a Masters in Communication Management from Strathclyde University, Scotland.

Mr Satish Sharma joined Bluesky Samoa Limited operations as Chief Executive Officer on 15 July 2019. He brings more than two decades of experience within the telecommunications industry. Prior to this appointment, Mr Sharma served in numerous senior management roles across numerous business divisions and has vast experience in sales and marketing, distribution, strategic planning, data, network rollout, leadership and human resources management. He holds a Bachelor of Arts Degree as well as a Masters Diploma in Business Management from the Symbiosis Institute of Management Studies, Pune.

ATH also confirms the appointment of Mr Juan Castellanos De Armas as Chief Financial Officer of ATH with effect from 20 August 2019. Mr Castellanos De Armas has the much needed and proven knowledge, experience and competency working with a large Madrid based Spanish Multinational and was overseeing the operations of the Bluesky Group in the Pacific. He has extensive senior executive experience and proven

## Chairman's Report (Cont'd)

performance in Group Accounting, Group Finance, Group Auditing and Group Governance and Risks. Mr Castellanos De Armas holds a Bachelor of Law and masters of Stock Exchange and Financial Markets from Instituto De Estudios Bursatiles De Madrid.

### Acknowledgement

I take this opportunity to thank my fellow Directors, for their continued support and counsel during the year. I would also like to thank all the Directors on our various subsidiary boards for their valuable contribution towards their respective subsidiary boards.

On behalf of the Board, I would like to thank our stakeholders, our dedicated ATH Group staff and our respective subsidiary management teams for their outstanding efforts and continued co-operation throughout the year.

Building on the results of this financial year will require hard work, especially with the new additions to the Group. However, I am extremely excited with the opportunities ATH will be working on and look forward to providing you an update on our journey again next year.



**Ajith Kodagoda**  
*Chairman*

## Chief Executive Officer's Report



The completion of key transactions for the Bluesky and the Digitec Groups marks an important milestone in establishing ATH truly as a regional player. We are truly excited at the opportunities these new investments covering Samoa, American Samoa, the Cook Islands and Papua New Guinea, together with our established presence in Fiji, Kiribati and Vanuatu presents for the Group.

Income generated from our regional businesses now account for just over 20% of consolidated revenues and will continue to increase. With these transactions bedded down, ATH's efforts for the year will be concentrated on initiatives to ensure that the synergistic potential across the Group is realised, securing better pricing through pooling purchase requirements through the Group, rationalising and aligning our IT and support systems and processes are some of the key items we will be working on.

### Financial Results

Our top line Revenues, Gross Profits and Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) continue to grow from both organic growth and the consolidation of the new businesses. Due to timing, this year our results will only incorporate 3 months of the Bluesky and Digitec Group results.

Group consolidated revenues closed at \$524 million, increasing by 14% over the result of financial year 2018. Group EBITDA was \$187.9 million, increasing by 8% from the financial year 2018.

Consolidated profit before tax for the Group for the year was \$112.7 million, slightly down from \$113.5 million (restated) for the financial year 2018. This decline recorded this financial year is mainly due to restructuring (circa \$10 million) and one-off acquisition costs. Additionally, in the financial year 2018, \$6.2 million

was received from insurance proceeds and booked into other income, therefore, after normalising the effects for both years, the underlying performance for the financial year 2019 represents an increase over the previous year.

After income tax expense of \$28 million was incurred as compared to \$23.7 million for the financial year 2018, the resulting consolidated profit after tax was \$84.7 million, a decrease from \$89.8 million in the financial year 2018.

Net financing cost increased to \$8.8 million from \$5.7 million last year and is associated with the recent acquisition funding that closed during the financial year.

Consolidated profit after income tax attributable to the members of the holding company for the financial year was \$54.3 million, a decrease of \$4 million from the financial year 2018.

On our Balance Sheet, total assets increased from \$682.6 million to \$1,121.5 million on consolidated basis, largely as a result of the new acquisitions and capital expenditures related to network expansions for various subsidiary companies. Net Debt (Cash and Cash Equivalents less Borrowings) increased to \$258 million, increasing from \$99.7 million in the financial year 2018. The resulting shift in our capital structure is predominantly due to the acquisitions being funded through bank loans and subsidiary company capital expenditures now also being funded through an increasing mix of debt.

ATH is not only growing today but is also well positioned for the future. In terms of capital allocation, ATH subsidiaries plan to invest about \$90 million of capital into their various growth areas in 2020. At the ATH level, its investment portfolio expects to generate free cash flow in the \$32.2 million range in the financial year 2020. After paying more than \$10.55 million in dividends, we expect to have about \$21.7 million of discretionary cash flow, which is earmarked for paying down our debt from Bluesky and Digitec acquisitions. By hastening debt repayments, we should reach a comfortable net debt-to-adjusted EBITDA ratio in the 2.5x range by year-end 2020, and we will continue to de-lever after that.

We have put a lot of thought and energy into ensuring that our balance sheet is solid. We have structured our debt to ensure that we have no outsized maturities for the next seven years. In addition, we have undertaken measures to match borrowings to the same currency as operating cash flows to mitigate USD denominated loans from forex and interest rate swings. In addition, we have locked in historically low fixed-interest rates on the vast majority of our local debt, removing any significant exposure to interest rate swings.

Creating shareholder wealth both in capital returns and dividend is our priority in terms of the way we return value to you, our shareholders. Post-acquisition, we are keeping our eyes on the ball and expect to reach a \$25 million acquisition synergy run rate from recent

## Chief Executive Officer's Report (Cont'd)

acquisitions by 2022. The acquisitions have been accretive to earnings per share, free cash flow and dividend coverage since day one. Above all, we are confident in our ability to deliver on our 2020 priorities: pay down our debt, continue to invest in our growth areas and deliver a sustainable dividend to shareholders

### Review of Operations During the Year

#### Vodafone Fiji Pte Limited

Vodafone Fiji was able to grow its consolidated revenue by 6% to \$336 million and increased its customer base from 760,000 to 819,000. Towards the end of the previous financial year, the company embarked on a huge network upgrade programme, investing \$206 million to increase 4G+ coverage to over 90% of Fiji's population. Such standout performances reflect the commitment invested in improving the customer experience.

As a result of this capital investment programme to ensure that we remain the best network and continue to deliver to the increasing demands of our users, the company experienced increases in Depreciation and Amortisation charges and an increase in network support costs, thus reducing its Net Profit After Tax by \$5.4 million. These investments are absolutely necessary to ensure that we will have the capabilities to support our customers and to maintain our goal of providing the best network for them.

#### Telecom Fiji Pte Limited

Telecom Fiji had a superb year, reinvigorating its strategy and investing in Fiber-to-the-Home broadband technologies, which can deliver gigabit speeds to customers - capability that leads the market in Fiji.

Contrary to recent years, Telecom Fiji increased revenues by 4.5% year on year and increase of Net Profit Before Income Tax of \$23.8 million, 7.3% over financial year 2018.

The recently confirmed Chief Executive Officer, Mr Charles Goundar led key actions to support the company's strategy through its rollout of Ultra Fast Fiber Broadband, Fiber to the Home service, which essentially delivers users an unmatched optical fiber broadband experience while future-proofing its network. Other elements being implemented including continued focus on operational efficiency, cost reduction measures and human capacity building are geared to usher Telecom Fiji and its customers into the future of broadband.

#### FINTEL

FINTEL had a stellar year, achieving 34% revenue growth and Net Profit After Tax of \$10.3 million, 55% growth over the financial year 2018.

Continued growth in Internet consumption together with the new submarine cable landings that connect to the

Southern Cross Cable via Fiji have been the engines of FINTEL's growth.

In recognition of the importance of access to the world through submarine cable infrastructure and the need to mitigate risk by implementing multiple connectivity options to avoid catastrophic outages, the company entered into a commitment to land and connect to the new Southern Cross Next cable in Fiji.

The company faces some regulatory headwinds as the Fijian Competition and Consumer Commission, published an Interim Authorisation on FINTEL's charges to access the Southern Cross Cable on 7 June 2019. The company is studying the authorisation closely as it could potentially affect the viability of future investments.

The company recognises that the extreme importance of submarine cable landing infrastructure to the country cannot be overstated and will seek ways to ensure the sustainability of such investments. Broadband development is without doubt a capital-intensive undertaking and having the right investment signals, including the opportunity to earn a commensurate return is paramount to attracting investment. We are optimistic that the regulators will ultimately work to find a solution that appropriately balances the various complex interests they have to consider and in doing so create an environment that promotes innovation and investments.

#### ATH (Kiribati) Limited

ATH (Kiribati) Limited (ATHKL) recorded a slight decrease in sales revenue of \$20.6 million in the financial year 2019, down from \$21.4 million in the financial year 2018, consequently decreasing net profit after tax to \$1.4 million from \$1.7 million previously. This decline is expected to be arrested in 2020 on the conversion of 2G and 3G sites to 4G+ and on-going improvements in customer service and experience.

In addition, ATHKL continues to make in-roads in terms of providing near ubiquitous coverage and provision of telecommunications services in Kiribati. This year ATHKL expanded coverage to three new sites on South Tarawa and also won a bid of AUD 1.8 million to extend services to four (4) more islands. This is a remarkable achievement for the company and Kiribati as a whole.

Moving forward, and with the benefit of access to wider ATH Group synergies, ATHKL will continue to deliver world class products and services and award-winning enterprise solutions to allow its customers to win big in a digital world.

#### Telecom Vanuatu Limited

Telecom Vanuatu Limited (TVL) recorded a 6.7% increase in its turnover compared to the previous year, achieved on the back of TVL's plan to improve customer service and on-going investment in a network upgrade following the launch of 4G+ rollout last year.

## Chief Executive Officer's Report (Cont'd)

Now with the acquisitions at ATH Group level being finalised, integration synergies (both from cost and revenue perspective) are now expected to come through in the next financial year end and will provide competitive advantage to TVL in the Vanuatu market.

Moving forward, we are confident, TVL will continue to deliver on its priorities: improve customer service and satisfaction; pay down its debt and continue to invest in growth areas and deliver a sustainable value to ATH.

### **Fiji Directories Pte Limited**

Fiji Directories Limited (FDL) recorded a 4.0% increase in its net profit after tax at \$2.15 million as a result of 2.3% growth in print revenues and 56.2% increase in online revenues.

For a business with a mature, legacy product it is an excellent result to achieve the tremendous growth seen in online revenues. To be sure, the online revenue is still a smaller portion of FDL revenues, but this is an important outcome because it represents the future of the directories and search business as smartphone penetration continues to rise.

With Ms Sitla Chandra being confirmed as CEO during the year, the management team has firmly adopted and taken charge of the company's digitalisation strategy and will seek to extend FDL's service capabilities to other related companies going forward.

### **Outlook**

As we strive to maintain a balance of organic growth and growth through acquisition, the year ahead will be extremely busy. With the Digitec Group in Papua New Guinea (PNG), we are concentrating significant efforts on building a broadband network to utilise the licences and radio spectrum held by the company.

Moreover, in addition to the greenfield build in PNG, we will also be paying special attention towards realising synergistic benefits throughout the Group. Currently, we have achieved consolidated Group purchasing of smartphones and pooling of capital expenditure requirements and traffic to take advantage of economies of scale. There are a number of other integration and synergy unlocking projects we are working on and look forward to reporting the outcome of those in due course.

All up, financial year 2020 looks to be another extremely busy and exciting year ahead as we focus on the continuing journey of growth for ATH and steadfastly work with all hands on deck towards delivering exceptional long-term sustainable value for our shareholders.



**Ivan Fong**  
*Chief Executive Officer and  
Company Secretary*

## Board of Directors



**Ajith Kodagoda**  
**Chairman**



**Arun Narsey**  
**Director**



**Taito Waqa**  
**Director**



**Tom Ricketts**  
**Director**



**Umarji Musa**  
**Director**



**David Kolitagane**  
**Director**



**Ivan Fong**  
**Chief Executive Officer and**  
**Company Secretary**

## Company Profile

### Establishment and Ownership

Amalgamated Telecom Holdings Limited (ATH) was incorporated as a public company on 10 March 1998, as the vehicle through which the Fiji Government's investments in the telecommunications sector were consolidated for the purpose of privatisation under its public sector reform programme.

ATH commenced operations on 16 December 1998 following the sale of a 49% strategic stake in the company to the Fiji National Provident Fund (FNPF) through a tender process in which a number of international parties participated.

In September 1999, the FNPF consolidated its control of ATH after it acquired a further 2% of the issued shares as per contractual obligations. Consequently, FNPF's shareholding increased to 51% while Government's shareholding decreased to 49%.

Government further sold a 9.7% of its shares in February 2002 through a Private Placement with institutional investors, including the FNPF. A month later an additional 4.7% of Government's shares were sold in a Public Offer consequently reducing its shareholding to 34.6% while FNPF's shareholding increased to 58.2%.

On 22 December 2015, through a Special Crossing on the South Pacific Stock Exchange (SPX), Government partially divested 50% of its remaining shares in ATH. As a result, FNPF increased its shareholding in ATH from 58.2% to 72.6% while Government remains ATH's second largest shareholder with 17.3% interest.

The remaining shareholders consist of companies and individuals with 10.10% or 1,466 shareholders as at 31 March 2019.

### The Company

Through its investments and provision of direct services in a broad range of telecommunications and related services, ATH is Fiji's main telecommunications holding company. The company has extended its footprint in the region following acquisitions in Kiribati and Vanuatu with the completed transaction with Amper SA for its interests in American Samoa, Samoa and Cook Islands on 22 February 2019. The principal activities of the ATH Group include the provision of:

- Voice, internet and data related services;
- Business communications solutions;
- ICT and surveillance products;
- Transaction management and prepaid services;
- Directory information services;
- Business Processing Outsourcing (BPO), including call centre services; and
- International telecommunications facilities.

### Group Structure

Telecom Fiji Pte Limited is a 100% owned subsidiary of ATH and provides fixed telephony services, broadband internet, international voice and data connectivity, sale of telephone equipment and sale of office and computer equipment.

Vodafone Fiji Pte Limited (Vodafone Fiji) is the country's leading provider of mobile telecommunications services and mobile phone money transfer service. Vodafone Fiji is owned on a 51%:49% basis by ATH and the FNPF respectively.

On 20 May 2015 Vodafone Fiji acquired 100% of Datec (Fiji) Pte Limited. Datec (Fiji) Pte Limited is one of Fiji's leading IT companies. This acquisition was made to solidify Vodafone Fiji's position as the premier provider for end-to-end ICT solutions for the enterprise and business segment.

Fiji International Telecommunication Pte Limited (FINTEL) is a 100% owned subsidiary of ATH which provides and operates international telecommunication facilities and connectivity for operators in Fiji and the region.

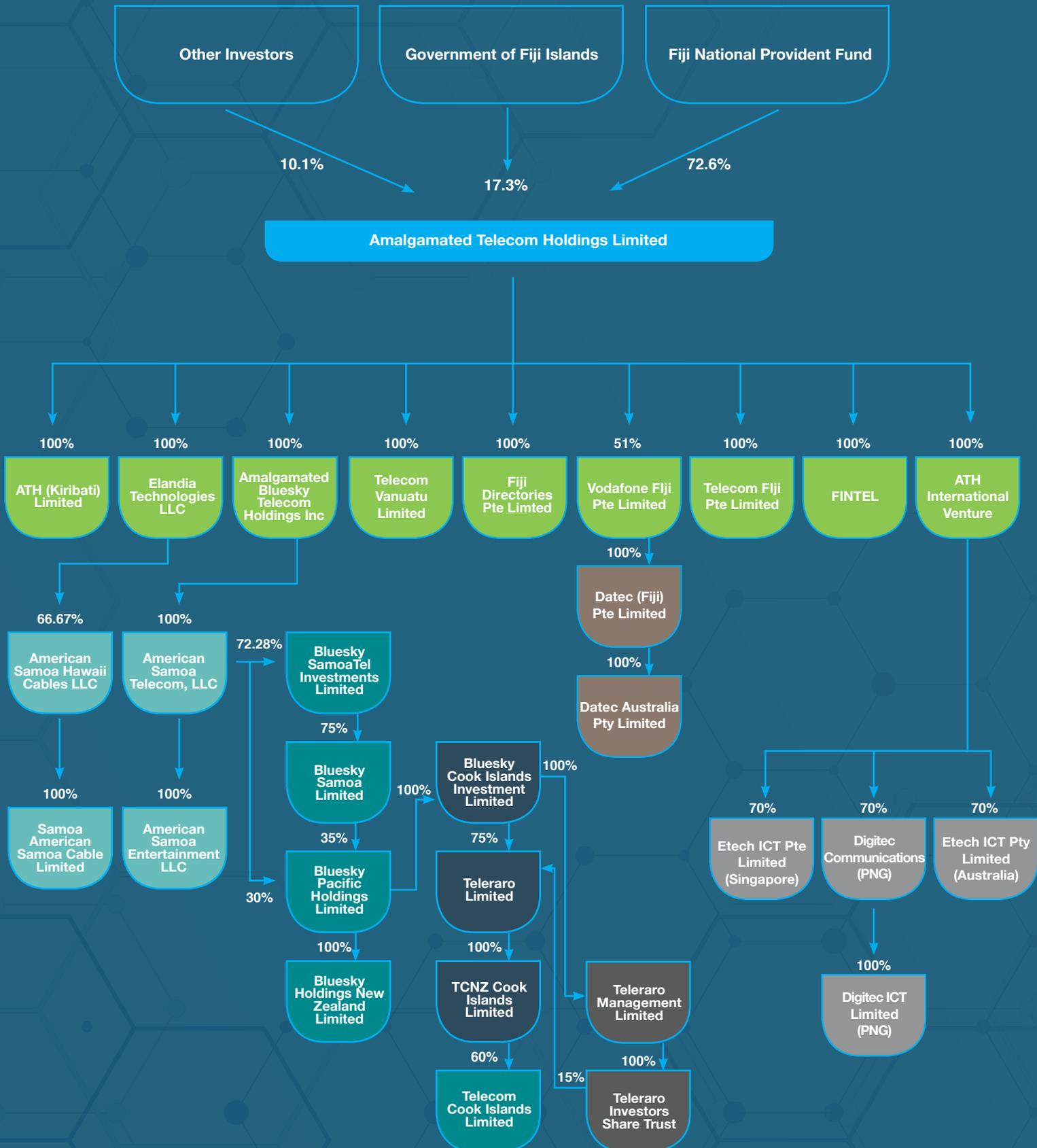
Fiji Directories Pte Limited (FDL) is a wholly owned subsidiary of ATH following the acquisition on 20 October 2016 of 10% shares previously held by Edward H O'Brien (Fiji) Limited. FDL's principal business activities are compiling and publishing the Fiji telephone directory and providing access to the same online.

ATH acquired substantially all the assets of Telecommunications Services Kiribati Limited (TSKL) on 26 May 2015 and incorporated a new company, Amalgamated Telecom Holdings (Kiribati) Limited (ATHKL) to hold and operate the assets and provide telecommunication services in Kiribati.

On 27 March 2017 ATH acquired 100% share capital of Telecom Vanuatu Limited (TVL), a leading telecommunications operator in Vanuatu, from MT International Ventures PCC, an investment vehicle wholly owned by Mauritius Telecom Limited. Telecom Vanuatu Limited is incorporated and domiciled in Vanuatu.

ATH achieved a major milestone on 22 February 2019 with the completion of the transaction with Amper SA to acquire its interests in the Bluesky Group. The Bluesky Group consists of key telecommunication operators and submarine cables in the telecommunications industry in Samoa, Cook Islands and the Territory of American Samoa. The Bluesky Group's operations include American Samoa Telecom, Samoa American Samoa Cable, American Samoa Hawaii Cable, Bluesky Samoa, and Telecom Cook Islands. It represents another breakthrough in the expansion strategy of the Group, consolidating ATH's interests in the Pacific and reinforcing its presence as one of the key telecommunications operators of the region.

# ATH Group Structure



Countries  
Amalgamated Telecom  
Holdings Limited is  
Present in



## Corporate Governance

ATH provides the following corporate governance statement for the year ended 31 March 2019 in accordance with the Reserve Bank of Fiji's Corporate Governance Code.

### Role of the Board

The role of the Board is to drive the success of the company by taking responsibility in setting the company's strategic direction and guiding management in order to meet its objective of enhancing corporate profit and shareholder value.

The regular business of the Board covers investments and strategic matters, governance, risk and compliance, the Chief Executive Officer's report, and tracking the performance of subsidiary companies.

### Board Composition and Membership

The Board comprises of seven (7) Non-Executive Directors of which four (4) are Strategic Investor Directors appointed by the Fiji National Provident Fund (FNPF) and three (3) are Fiji Directors appointed by Government. A person may be nominated as a Director at a general meeting if the person has been nominated by the Directors, or by one or more members holding in aggregate at least 10% of all the voting shares, for election at that meeting.

Mr Sanjay Lal Kaba, a Strategic Investor Director resigned on 7 December 2018. A vacancy exists with his resignation.

The Directors in office on 31 March 2019 are:

Name		Date of Appointment
Mr Ajith Kodagoda	Fiji Director	16 July 2009
Mr Umarji Musa	Fiji Director	19 August 2010
Mr David Kolutagane	Fiji Director	31 August 2016
Mr Taito Waqa	Strategic Investor Director	21 August 2008
Mr Arun Narsey	Strategic Investor Director	01 September 2010
Mr Tom Ricketts	Strategic Investor Director	07 August 2009

The Directors are appointed/elected in accordance with the company's Memorandum and Articles of Association at the company's Annual General Meeting. One third of Fiji Directors retire by rotation each year and the retiring directors are eligible to be nominated again for re-

election. The FNPF is excluded from participating in this election process.

A total fee of \$62,500 was paid to Directors for their service during the year in accordance with the shareholders resolution at the 20th Annual General Meeting. A further sum of \$11,400 was paid as allowances for various Board sub-committee meetings. The company also met other expenses, mainly for travel and accommodation which were incurred during the course of their duties for ATH. ATH Directors were also covered under a Directors' and Officers' Insurance Policy and a Personal Accident Insurance Policy.

The Board met five times during the financial year ended 31 March 2019. Attendance was as follows:

Name	Board	
	Number of meetings	
	Attended	Held
Mr Ajith Kodagoda	5	5
Mr Umarji Musa	5	5
Mr David Kolutagane	1	5
Mr Taito Waqa	5	5
Mr Arun Narsey	5	5
Mr Tom Ricketts	2	5

### Board Sub-Committees

The Board has formally constituted three (3) committees: the Corporate Governance Committee, the Audit and Finance Committee and the Human Resources Committee.

The Corporate Governance Committee comprises of all the Directors and is also chaired by the Board Chairman. The Corporate Governance Committee is responsible for ensuring that the Board operates effectively and efficiently and that the company implements appropriate management and employment practices.

The Human Resources Committee is responsible for advising the Board on human resources issues which includes the remuneration and conditions of employment of the Chief Executive Officer, senior management and succession planning.

## Corporate Governance (Cont'd)

The Audit and Finance Committee is responsible for monitoring ATH's financial plans and strategies, monitoring the external audit of the company's affairs, reviewing the quarterly and annual financial statements, and monitoring the company's compliance with applicable laws and stock exchange requirements.

Board Sub-Committee meetings and attendance during the financial year ended 31 March 2019 were as follows:

### Register of Interests

A register of interests is maintained by the company in line with the code of conduct.

### Rights of Shareholders

In line with South Pacific Stock Exchange's continuing listing requirements, the company issues market announcements of material information, quarterly and six-monthly unaudited financials, annual audited financials and annual report. The same information is posted on

Name	Audit and Finance		Human Resources	
	Number of Meetings		Number of Meetings	
	Held	Attended	Held	Attended
Mr Ajith Kodagoda	5	2		
Mr Umarji Musa	5	5	9	9
Mr David Kolitagane				
Mr Taito Waqa			9	9
Mr Arun Narsey	5	5		
Mr Tom Ricketts	5	3		

### Chief Executive Officer and Company Secretary

Mr Ivan Fong is the Chief Executive Officer and Company Secretary for ATH. The Chief Executive Officer is responsible for developing and implementing business strategies and policy guidelines; managing budgets, financial report and key performance indicators; providing company secretarial duties and functions; ensuring compliance with regulatory and statutory requirements; managing effective relationships with internal and external parties; and leading and developing a team of staff.

### Timely and Balanced Disclosure

As a listed company, ATH is subject to the rules and regulations for listed companies as set out by the South Pacific Stock Exchange (SPX) and Reserve Bank of Fiji (RBF). This includes market announcements of material information, six-monthly unaudited financials, audited financials and annual report.

### Ethical and Responsible Decision Making

The Company has a code of conduct, which is relayed to the Directors upon appointment to the Board. ATH believes that all Directors and executives uphold the code of conduct and ethical standards of the company.

SPX and ATH websites. All shareholders are invited to the AGM, receive a copy of annual report and notice of meeting prior to the AGM and are given an opportunity to communicate directly with the Board of Directors.

### Accountability and Audit

ATH is audited annually by an independent external auditor. The ATH Group and subsidiaries accounts are prepared and audited in compliance with IFRS standards. The company also has an Audit and Finance Committee, which provides oversight of the company's internal controls and operations, verifying and safeguarding the integrity of the company's financial reporting.

### Risk Management

The Directors of the company are always mindful of potential risks that may arise in the course of its business. While the company does not have a separate Risk Management Committee, it has contingencies to address this as the need arises.



## Vodafone Fiji Pte Limited

- **Mr Ajith Kodagoda** Chairman
- **Mr Robin Yarrow** Director
- **Mr Russell Hewitt** Director
- **Mr Andrew Fairgray** Director
- **Mr Isikeli Tikoduadua** Director
- **Mr Pradeep Chand Lal** Regional Chief Executive Officer
- **Ms Elenoa Biukoto** Company Secretary



### Overview

Building on the success of 2018, Vodafone Fiji continues its digital transformation journey across Fiji and the Pacific. Our company has had a year of strong financial performance and continues with significant progress in network investments.

In line with global trends, the volume of data moving across mobile networks is increasing substantially as customers grasp the greater possibilities available through mobile communications. Demand for our core products and services delivered over the networks has never been greater, this trend is expected to continue. Access to the latest smartphones and gadgets has powered demand for mobile data, high-speed broadband and converged solutions. Our customers have now immersed themselves in dependable uninterrupted access to social media and worldwide content.

Cloud technologies allow for new technology platforms that will cover the full customer life cycle, underpinning our ability to move to a new, simplified product suite while relieving our customers of the burden to front up with large capital expenditures. Vodafone Fiji's enterprise

business continues to design products for the Cloud, while successfully moving customers to this innovative environment. The growth of IoT, security and value added services such as data analytics, artificial intelligence and virtual reality continues to accelerate.

### Our Infrastructure

Vodafone Fiji embarked on an extensive network investment project to expand network coverage around Fiji, as part of a strategic business initiative to satisfy surging broadband demand with a long-term investment objective. The Board approved a capital expenditure of \$160 million for the current financial year. This brings the total capital expenditure amounts to over \$206 million in the last 20 months.

The high-speed 4G+ coverage to over 90% of the Fijian population through the upgrading of one hundred (100) 3G sites to 4G+ and deploying an additional 244 new 4G+ sites throughout the country. This investment is clearly the pathway to providing the best customer experience and maintaining our network leadership through world leading networks and digital platforms.

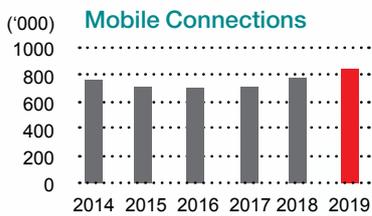
### Our People

Human resources remain the greatest strength of Vodafone Fiji. Our company's commitment to developing staff to their full potential is an extremely high priority. Our people are to be credited for their great dedication, hard work and on-going commitment towards our current successful and future performance.

Vodafone Fiji continues to provide competitive employment conditions and growth opportunities to attract and retain the best talent.

### Financial Highlights

Vodafone Fiji continues to record strong customer growth as net subscribers increased to over 819,000 this year.

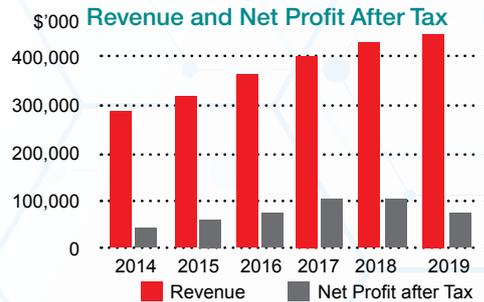


Vodafone Fiji continues to achieve strong performance in a highly competitive and dynamic market. The Group consolidated revenue increased by 6% from the previous financial year to \$336 million.

### Revenue and Net Profit after Tax

To meet our diverse customer expectations, Vodafone Fiji spares no effort in bringing a wide range of high end to affordable smartphones. Today smartphones make up over 75% of devices that connect Vodafone Fiji's network. This expanding smartphone penetration will drive further Broadband Internet bandwidth consumption. However, more importantly it will foster in a new wave of mobile apps, business capabilities and digital capabilities that will revolutionise how business will be conducted.

Revenue growth has increased this financial year as customers are further embracing Vodafone Fiji's high-speed Internet services and data packages.



### Enterprise

The enterprise segment has evolved to provide complete mobile communications and ICT solutions to enterprise clients. Unified Communications and connectivity technologies have been critical enablers for most businesses in Fiji, freeing up IT professionals from mundane tasks thus allowing senior management and business owners to focus on the core business objectives and delivering new capabilities to capture new opportunities.

Vodafone Fiji's top 50 clients have invested in our reliable connectivity solutions to run their centralised systems remotely and securely, to conduct thousands of transactions every day. Data connectivity and telematics have also been instrumental in tracking assets, conducting transactions and remote device management. Some of our crucial investments in next generation capability: Analytics as a Service, Autonomous Data Warehouse, Chatbots, Cloud Integration, and Satellite connectivity, to name a few, are being rolled out to help our customers improve their businesses.

Establishment of powerful synergies with partners, nurturing relationships, and continuously enhancing the customer experience, has helped us maintain our position as the market leader. Mobile networks and business dynamics will continue along the path of rapid evolution. Through our investments in our network and customer capabilities, Vodafone Fiji is ready for the future.





#### DATEC

Datec (Fiji) Pte Limited maintained its position as the leading ICT Company in Fiji and in the past year, has increased its market presence in the Pacific region.

During this past financial year, Datec has reviewed and re-strategised its products, services and costs, ensuring better margins on their sales. This refinement has resulted in an increase in EBITDA by 30% compared to last year. Whilst this is a milestone achievement for DATEC, it is also a great reflection of the sound business practices and indicators of sustainable growth in the ICT industry.

Vodafone Fiji's primary strategic focus going forward is to expand its ICT products with new technologies concepts that are fundamental for customers' businesses. This effort will provide superior customer services and further strengthen stakeholder relationship.

#### The Future is Exciting

Vodafone Fiji's exciting future can be attributed to our widely available mobile networks, which enable a range of innovative new technologies. Our customers, employees and shareholders are therefore assured that we will continue to deliver the best on all fronts.

Rising global smartphone penetration, ubiquitous superfast internet access, increasingly converged solutions and remarkable new technologies are rapidly transforming the way that people live and work.

Vodafone Fiji builds and maintains its brand prestige through innovation. Our company's technological advanced position delivers expanded coverage and superior customer options through our network, cloud and data centre investments.

Data and Internet consumption remain key growth areas for our company. Vodafone Fiji is well positioned to meet this increasing demand for data products/ services with our expansion in network infrastructure and pre-5G technology rollout.

Vodafone Fiji envisages 5G as a transition to offer unlimited potential. It is the next stage of technology advance that will enable new use cases, expand possibilities and enhance value creation. 5G is expected to provide advancement in Internet of Things (IoT), Big Data, Smart Cities, Artificial Intelligence and Robotics. Our plans to deliver 5G gigabit speeds will position our customers to excel beyond their current expectations.

Vodafone Fiji continues to evolve its network towards delivering incredible data speeds, expanded network capacity, improved response times and new service capabilities. Across Fiji and the Pacific, Vodafone Fiji's agile and enabling culture, is bettering nations and lives through our journey of digital transformation. Vodafone Fiji is on solid ground through innovation and investment, looking forward with confidence and optimism. We respectfully thank our shareholders and customers for Vodafone Fiji's success.



## Telecom Fiji Pte Limited

- **Mr Umarji Musa** Chairman
- **Mr Sashi Singh** Director
- **Mr Naibuka Saune** Director
- **Mr Arun Narsey** Director
- **Mr Charles Goundar** Chief Executive Officer
- **Mr Samuela Vadei** Company Secretary



### Overview

Telecom Fiji commenced the 2018-2019 financial year driven by five (5) key strategic objectives in its new three (3) year business plan:

- a) sustainable revenue growth;
- b) cost optimization;
- c) delivering brilliant customer experience;
- d) maximising operational efficiency; and
- e) technology refresh.

These core guiding principles were the road map for all activities and initiatives undertaken by the company.

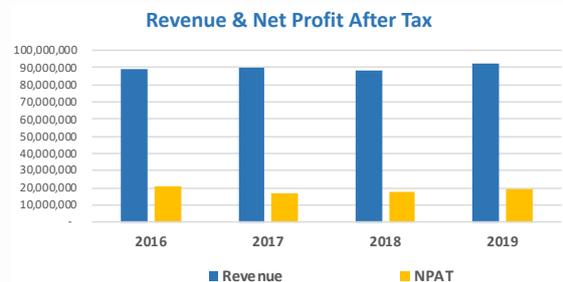
We are extremely proud to witness the success of our core product focus: Fiber-to-the-Home (FTTH), Cloud-based applications, and the establishment of strategic partnerships complemented Telecom Fiji's core business. We improved customer experience through core technology upgrades and decommissioned obsolete legacy systems. Going forward, we will maintain a commitment to continuing upgrades to ensure Telecom Fiji's remains at the forefront of providing reliable and high-quality services to its customers.

A number of milestone projects helped maintain Telecom Fiji's leading market position in the corporate ICT space resulting in improved operational efficiency, delivering cost savings while simultaneously uplifting the quality of our services.

### Financial Highlights

Our success was also reflected in our financial results: Operating revenues increased by 4.5% for the year, Gross Profits increased by 4.7% and greater operational efficiency resulted in a 9.4% reduction in overhead expenses (vs the previous financial year.)

The bottom line – TFL's Net Profit before Income Tax was \$23.8 million, an increase of 7.3% over the previous financial year.



### Broadband Network Expansion and Emerging New Services

#### Fiber-to-the-Home (FTTH) Rollout

Telecom Fiji commenced deploying its Ultra-Fast Fiber broadband (UFF) service to customers in Bayview, Namadi Heights and Rifle Range, Suva. The service employs Fiber-to-the-Home (FTTH) technology through which Telecom's fiber optic cables connect directly into the home, delivering internet speeds of up to 150Mbps initially (upgradeable to 1,000Mbps-1Gbps).

Fiber-to-the-Home is the underlying foundation of Telecom Fiji's long-term investment and broadband strategy to bring the high level of communication services found in "developed" countries to Fiji. Telecom Fiji is focusing on the Suva area as Phase 1 of our "fiber-in, copper-out" model. This ambitious project will gradually expand into other towns throughout Fiji. Fiber-to-the-Home enables high speed broadband service, more reliable service, reduced truck-roll and allows Telecom Fiji to introduce other content-based service bundles.



### Strategic Partnerships

Telecom Fiji formed strategic partnerships with Oracle and Netflix during the year. With the Oracle partnership, Telecom Fiji will add greater value for our business and enterprise customers via a range of Oracle hardware, software and Cloud offerings. The Netflix partnership is a significant first for Fiji, allowing popular Netflix content to be locally hosted on Telecom Fiji's network consequently delivering a vastly improved, high quality, viewing experience. Telecom Fiji envisions that this is an exciting foundation to launch other forms of bundling options.

### Infrastructure

#### Core Network and IT

A significant number of projects were completed during the year to refresh aged network technology, replace legacy systems, and upgrade platforms to cater for increased bandwidth demand. After deployment of the new infrastructure, customers were connected to the new systems improving their service experience. One of the key projects involved the deployment of Dense Wavelength Division Multiplexing (DWDM) transmission technology, another first for Fiji, future proofing our ability to serve the increasing bandwidth demands of our customers.

On the IT front, infrastructure projects have been undertaken to strengthen network security, replacing aged hardware, provide software application upgrades, digitisation of internal and external process workflows, improve efficiency, and enhance consumer usability.

#### Other Infrastructure Improvements

Telecom Fiji undertook a massive programme to upgrade and carry out maintenance work on the supporting infrastructure of towers, buildings and power systems throughout the country. These upgrades were essential for risk mitigation and business continuity.

#### Corporate Social Responsibility

Telecom Fiji continues to support not-for-profit charity organisations as part of its corporate social responsibility initiatives. Telecom Fiji believes in empowering the disadvantaged, as evidenced by our notable sponsorships.

The company sponsored the United Blind Persons of Fiji's first Disability Gala Awards recognition event. This was an initiative to encourage and reward people living with disability in Fiji.

Telecom Fiji sponsored the event's "Entrepreneur of the Year" award.



Telecom Fiji supported the annual Pinktober campaign together with the Fiji Cancer Society.

The company also supported the annual Charity Ambrose Golf Tournament organised by Save the Children Fiji. This sponsorship ensured that more funds are generated to benefit the children of Fiji.

Telecom Fiji has consistently supported the Frank Hilton Organisation, to raise funds for children. Participating in the Frank Hilton Amazing Wheelbarrow Race, Telecom Fiji was awarded the honour of being the Best Dressed Team for the third consecutive year.

### People Development

The capability of our people is essential to our continuing success, so Telecom Fiji strongly believes in on-going development and upskilling of our most important human resources asset. A Technical Training Centre was launched, providing technical field operations training for current and new staff in copper, fiber deployment and maintenance. The company anticipates that the training facility will raise the quality of workmanship for our field operations teams engaged in line maintenance and project related activities.

Other significant human resource related highlights of Telecom Fiji Ltd:

- Re-introduction of the Graduate Trainee/Engineer Programme
- Review and implementation of the HSE Management system
- Appointment of a Staff Welfare Officer solely responsible for overall staff wellness.
- Increased budget emphasis on technical and leadership training aligned to the strategic objective.

### Future Outlook

Telecom Fiji continues to strengthen its core network infrastructure, enhancing resiliency of the entire backbone network, to support all bandwidth requirements for corporate customers and Government.

The company will continue striving for improvement, facilitating employee capabilities, drive innovation and match or better performance against industry benchmark standards. We believe that getting these fundamentals right will deliver immense value to our end users and ultimate shareholders.

# Fiji International Telecommunications Pte Limited



- **Mr Ajith Kodagoda** Chairman
- **Mr Sashi Singh** Director
- **Mr Vilash Chand** Director
- **Mr Naibuka Saune** Director
- **Mr George Samisoni** Chief Executive Officer and Company Secretary



## Overview

The world's digital economy is built on submarine cables. More than just connectors of population centres, these cables now link worldwide data centres to facilitate global commerce, education, public safety, entertainment, and maintain a sense of proximity for geographically extended families.

Submarine cable systems are viewed as critical infrastructure for nations developing as ICT hubs and enhancing their economic growth. We acknowledge that modern society encompasses a basic innate desire to communicate and share ideas in today's connected digitally shrinking world.

The fundamental backbone of all connectivity is the submarine cable. Wireless broadband can bring connectivity within a country, but it must be clearly recognised the network of submarine cables laid out on the ocean floor is largely responsible for ensuring that the general public, businesses, and Governments are able to communicate globally.

A total of USD1 billion of investment in subsea cable systems is envisaged for the Oceania region, between 2015 and 2020, (Source: TeleGeography).

It is envisaged that 95% of Pacific island countries, territories, and states will be connected to sub-sea cables in the next two years.

In seeking to secure our role in provision of such critical infrastructure, FINTEL has committed to the new Southern Cross SX Next cable system with an investment of USD 20 million. The SX Next cable system is expected to be operational in the fourth quarter of 2021, which will provide alternative connectivity to the current Southern Cross cable system and additionally also extend Fiji's international communications to 2050. Without this investment in continuity of international connectivity, Fiji's

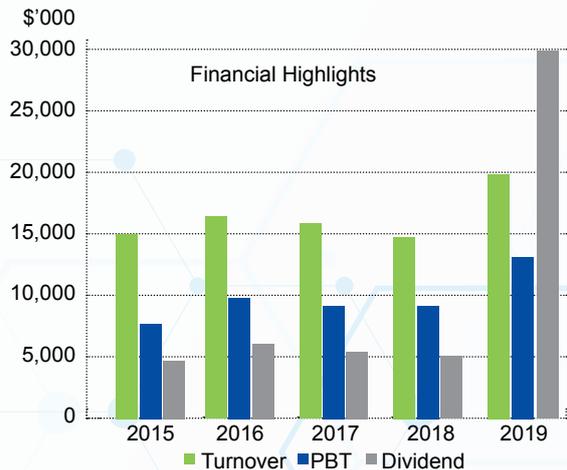
connection to the world by subsea optical fiber cable would run out when the current Southern Cross cable reaches end of life in 2030.

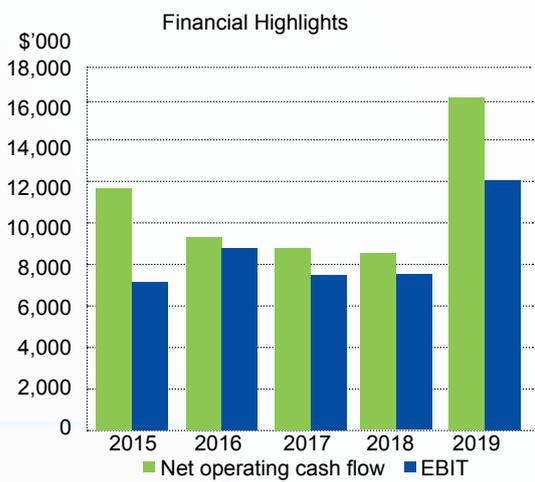
This commitment will continue to progressively provide less expensive and higher speed international backbone capacity for the development of internet in Fiji and the Pacific region.

## Financial Highlights

Financially, FINTEL delivered strong results and recorded an Operating Profit of \$12.0 million (\$7.4 million: 2018). Profit before Tax (PBT) of \$12.8 million (\$8.3 million: 2018) and Profit after Tax (PAT) of \$10.2 million (\$6.6 million: 2018) during the year.

This positive performance against the headwinds of gateway market challenges is likely to continue. The direct and indirect inter connection with other Pacific island subsea cable systems, associated value added services and the growing demand for international broadband will provide the future delivery of key business objectives and drive FINTEL's value proposition.





**Looking Ahead**

FINTEL's network development activities continue to focus on the enhancement of its core, Tele-housing and Co-location services at FINTEL's Vatuwaqa Communications Centre, in providing efficient and effective services to the domestic, regional and international corporate customers.

Internet, Data and wireless network (Kidanet) infrastructure, technology and bandwidth expansion will continue to drive growth of incremental business to customers.

FINTEL has committed to the SX Next sub-sea cable system which will land in Suva and Savusavu.

The Hawaiki sub-sea cable system, running from the United States of America, to Australia and New Zealand, includes a branching unit in Fiji waters. The system was operational from June 2018.

Hawaiki and SX Next (Savusavu) provide options for FINTEL/Fiji's international telecommunications redundancy/resilience. The estimated capital investment required to connect is USD 20 million for each system.

Pacific island sub-sea cable systems directly connected with FINTEL for their access to the global telecommunications highway now include Tonga, Vanuatu, Samoa (Independent Nation of Samoa and the US Territory of American Samoa) and Wallis and Futuna.

FINTEL's commitment to the SX Next sub-sea cable system will provide direct connectivity with Kiribati, Tokelau, Nauru and the Federated States of Micronesia. We are extremely proud to be the hub for international connectivity for Fiji and our Pacific Island neighbours and will strive to bring better, faster, reliable Internet to our customers at lower prices.



## Telecom Vanuatu Limited

- **Mr Ajith Kodagoda** Chairman
- **Mr Pradeep Chand Lal** Director
- **Mr Ivan Fong** Director
- **Mr Naibuka Saune** Director
- **Mr Russell Hewitt** Director
- **Mr Tangavel Barlen Lutchmoodoo** Chief Executive Officer
- **Mr Ravendra Chand** Company Secretary



### Overview

Telecom Vanuatu Limited (TVL) continues its journey to become the premier telecom provider of Vanuatu. Ongoing network expansion will further increase TVL's footprint and its market presence.

### Network Consolidation and Expansion

The launch of 4G+ in November 2017, paved the way to TVL's ultra-high broadband Internet. Significant investment has sustained our continued exponential data growth. Network reinforcement and coverage augmentation was our focus in this financial year with network upgrades for ten new sites.

Modernising and solidifying our backbone transmission, roll out of new MPLS Network on Efate and the South Island together with major upgrades on both the primary and secondary links ensured better quality and reliability of our services.

TVL is migrating the old copper connections to fiber and is also extending the reach in the periphery of the urban areas. The fiber network is a key asset for TVL as future-proofed infrastructure delivering exciting new services to our customers. The fiber network improvements have strengthened the trust of the business communities and the enterprise market.

### Business Growth

TVL's sales strategy in 2019 was to ensure that the 4G+ investment generates adequate returns. In 2018, there was an aggressive campaign to promote 4G devices bundled with exciting new data offers and plans. Through bulk purchase pooling using ATH Group leverage, TVL has been able to secure better and popular 4G devices and smartphones at attractive prices for our customers. Our promotions have been extremely well received by our customers. On the enterprise market front, TVL has accentuated its leadership by winning high-value customers with Unified communication PBX and WIFI solutions.

### TVL in the Communities

As part of its corporate social responsibility, TVL continues to play a key role in supporting sports, music and community building. TVL, in association with national television, created a waterfront FIFA World Cup Festival, featuring live coverage of the finals. Vanuatu's independence celebrations during July was supported by TVL, in association with Mele Village, the largest community in Vanuatu.

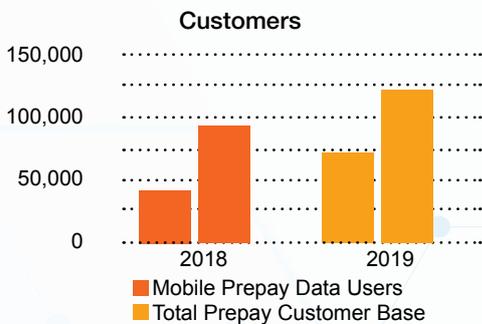
Our collaboration with the Vanuatu Government on the "Safe Drive Save lives" awareness campaign has been very positive. "The Fest Napuan" (Vanuatu's largest music festival) and a 30 team Beach Volley Vanuatu official event (featuring local business house teams) have been additional highlights of TVL's community outreach.



### Financial Highlights

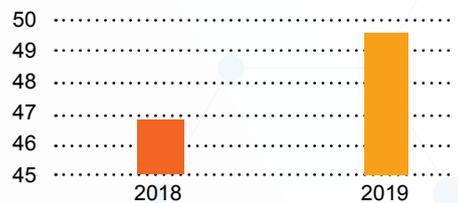
As with other markets, data was the key driver of growth for TVL. Mobile data users have grown significantly with the successful rollout of our 4G+ network, new handset selection, revamped data plans and the introduction of All in Wan bundled packages. The revenue growth in the prepaid market was 8%.

TVL has positioned itself for enterprise customers as a One Stop Shop for fixed, broadband, mobile services, ICT solutions PABX, WIFI and hospitality solutions. The growth on GSM Postpay and fiber broadband was 54% and 17% respectively. This has largely offset the decline of fixed voice revenues.



TVL continues to maintain significant growth in a highly competitive and dynamic market, despite the geographic challenges we face. The growth in turnover was 9% closing at FJD 49.5 million, a remarkable achievement indeed for TVL.

### Turnover mil FJD



### The Future is Bright

TVL is poised to achieve another successful year with strong positioning in the mobile market.

Our valued family of employees will benefit from the capacity building programmes we have implemented to ensure TVL has the right skills to deliver the best customer experiences. Striving for excellence is TVL's new work culture and the key factor in our vibrant human resources approach.

TVL's support for our community will be manifested through specific sport and healthy living advocacy sponsorships to curb the rise of non-communicable diseases. This will be done in co-operation with national governing bodies, NGO's and Vanuatu Federal and local government.

TVL is committed to paving the way for Vanuatu's digital transformation through infrastructure modernisation and improved employee satisfaction as we continue to build on our mission as Vanuatu's telecommunications leader.

*"Building Stronger and Healthier communities through Sports"*



## Fiji Directories Pte Limited

- **Mr Arun Narsey** Chairman
- **Mr Umarji Musa** Director
- **Mr Ivan Fong** Director
- **Ms Sitla Chandra** Chief Executive Officer and Company Secretary



### Overview

Fiji Directories Pte Limited (FDL) is a prominent extension of ATH to Fiji, the Pacific, and the world. Serving both consumer and business needs, since 1993, FDL provides excellence in printed directory and online services. A by-product for the nation of Fiji is that we are facilitating commerce. Fiji's unique products, services, and visitor venues are only seconds away with our online directory and search at [www.yellowpages.com.fj](http://www.yellowpages.com.fj).

The 2019 issue has extensive reach to corporate offices, family owned businesses, NGOs, Fiji Government staff/elected officials, embassies (local and international), local residential customers and our friends in the wider Pacific Region.

With reliance on modern digital marketing modes in mind, FDL completed the revamp of its Yellow Pages Fiji® website, [www.yellowpages.com.fj](http://www.yellowpages.com.fj) to top level international standards. The upgrade brings with it new and improved services for customers and the public. The revamped site incorporates:

- Enhanced User-Interface to display elegantly on any screen-size and make for a great browsing experience.
- Search via business name, location or general category
- Safe and secure communication channels for customers and buyers
- New and improved functionalities for Premium and Free Customers
- Search Engine optimisation for Paid Listings
- Separate accounts and profiles, managed by Users.

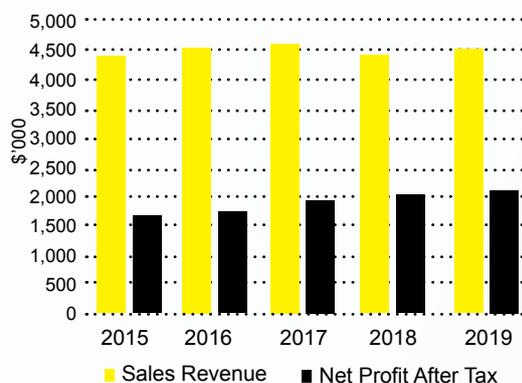
The remamped Yellow Pages Fiji® website, implements new security features to protect user data for all its customers. Great care has been taken by FDL to reaffirm maintaining quality and security of services.

### Financial Highlights

For the year ended 31 March 2019, FDL recorded a net profit after tax of \$2.15 million, an increase of 3.96% from the previous financial year. The increase is following 2.29% growth in print revenue and substantial growth of 56.20% in online revenue.

The company declared a dividend of \$1.9 million to shareholders representing an increase of 5.56% compared to the dividend declared and paid in the last financial year.

#### Sales Revenue and Net Profit After Tax



### Looking Ahead

The 2020 outlook for FDL is exceedingly bright as both print and online directories are here to stay. FDL's revitalisation of the print and online editions will maintain our pre-eminent status as the "go to" place for advertiser investment. Our innovation continues to guarantee our increasing revenue stream.

As smart phones dominate 90% of our Fiji market, we are meeting the demand by developing the Yellow Pages Fiji® mobile application.

The mobile app will be released for the major handset types - Android and iOS improving the public's experience of our Fiji/Pacific region leading edge services.



## Amalgamated Telecom Holdings (Kiribati) Limited

- **Mr Arun Narsey** Chairman
- **Mr Pradeep Chand Lal** Director
- **Mr Ivan Fong** Director
- **Mr Rajneel K Kumar** Chief Executive Officer
- **Mr Shalvin Singh** Company Secretary

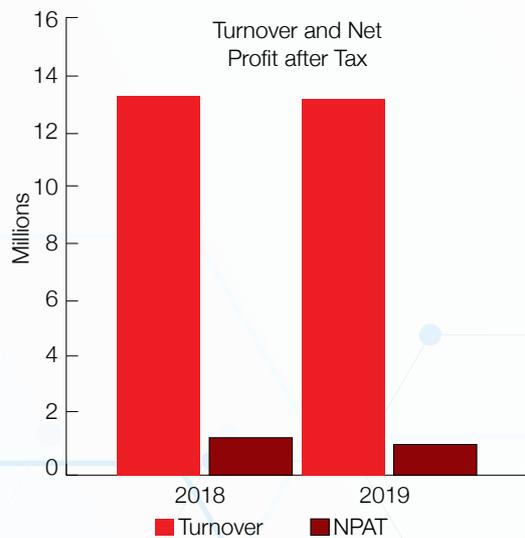
Amalgamated Telecom Holdings (Kiribati) Limited (ATHKL) is Kiribati's leading telecommunication service provider delivering reliable and improved 2G, 3G and 4G services to the people of Kiribati since 2015.

ATHKL continues to embrace the on-going advances in technology, re-shaping the telecommunication market and transforming the customer experience. We are extremely proud of the progress and improvements we have made to telecommunications in Kiribati since our arrival in 2015. During 2018, the company focused on delivering the best network experience to its customers with the successful roll-out of three new sites in South Tarawa namely at Buota, Nawerewere and Tengaruru. These sites will ensure maximum coverage throughout South Tarawa and provide positive revenue outlook.

During the year, ATHKL bid and won the contract of USD1.8 million World Bank project to modernise services at four Outer Island sites (Arorae, Nikunau, Tamana and South Tabiteuea). Once completed, this project will vastly improve connectivity to the people on these Islands.

### Financial Performance

For the Financial Year 2019, ATHKL achieved a total turnover of AUD 13.4 million. The company continues to have a stronghold in the corporate and consumer market. With increased competition in Kiribati, ATHKL remains focused on providing the best services and coverage and will continue with our plans to increase coverage in Kiribati.



### Outlook

Our on-going primary strategy is to migrate majority of our consumers from 3G to 4G which is in sync with our network enhancement programme. These efforts will improve customer experience and satisfy appetite for increased data consumption. Our operating expenditure (opex) review programme continues to stabilise the on-going network operational and support costs resulting in a much streamlined operation. ATHKL will also continue to review enhanced products offering and advancing our exceptional services to customers.



## Vodafone ATH Fiji Foundation



**Vodafone  
Fiji  
Foundator**

- **Mr Lionel D S Yee** Chairman
- **Mr Ivan Fong** Director
- **Ms Elenoa Biukoto** Director
- **Mr Rajnesh R Prasad** Director
- **Mr Vikash Prasad** Director
- **Mr Shiu Nandan** Director
- **Ms Maria L Mausio** Director
- **Ms Ambalika D Kutty** Foundation Executive/Secretary



Vodafone ATH Fiji Foundation is the corporate heart of our philanthropy. Our family of companies is passionate about improving the lives of our people in our communities. One of our key objectives is to promote social development and sustainable living through leveraging the telecommunications and ICT technologies to better people's lives. During 2018/2019, the Foundation approved 100 grants for schools and charity organisations totalling \$435,782.

The Foundation's Sustainable Funding programme supported 400 activities which included capacity building and social media training. To reinforce learning, participants applied their newly acquired knowledge on creating and using social media pages.

"mSafe \*679#", our community support channel for health, debuted in Fiji during the year. This is the latest addition to the existing array of SMS channels geared towards "Working together for the health and safety of all Fijians". Extensive consultations around the country, guided the Foundation team towards this initiative. The Foundation experienced very strong interest on matters relating to health issues, drug abuse, violence, bullying, partner/family abuse, assault, etc. "mSafe" features the following sub-channels:

1. Police Directory, 2. SpeakUp 3. Community Volunteer.

The Foundation's established the Smarter Fiji NGO to help society harness technology to our advantage and the betterment of lives. The mSpeakUp channel proved to be extremely popular and relevant, nurturing a culture of "Speaking up and being Heard". mSpeakup was a catalyst for people from all walks of life and professional disciplines, (doctors, psychologists, lawyers, NGOs, line ministries and provincial councils, iTaukei affairs, etc) to articulate and shine a light on issues that needed to be addressed in their communities. The professionals discussed issues holistically, developing solutions that were pragmatic and expedient to implement.

Under the World Of Difference (WoD) programme, the Foundation continues engagement of passionate and motivated candidates to work alongside our charity

partners to bring about policy, procedure and process changes. The World of Difference programme lent support to 1,000 activities, in partnership with relevant stakeholders which positively impacted 5,000 direct beneficiaries. Some of the key activities of the WoD programme are:

\$1 million worth of water and sanitation projects were distributed to communities around Fiji;

Eight shipping containers brought \$18 million of mobility device, medical supplies, commodes, Cerebral Palsy specialty chairs, etc, were distributed around Fiji for persons with disabilities;

\$1.5 million worth of volunteer services was confirmed under Capacity Building and Story Telling Fiji;

The Hakwa Foundation and Western Charity Alliance have proceeded with consultations for major fundraising to address societal concerns, convened environmental campaigns, and engaged women/youth clubs for identification of income generating projects;

The Northern Charity Alliance is aspiring to raise \$50,000 to address the needs of the financially disadvantaged, those suffering medical issues and creating opportunities for students striving to succeed in the face of poverty; and Lifeline Fiji has attended to 2,000 cases (51% were males/49% females), with 1,500 being direct beneficiaries through a community outreach programme.

Thirty seven employees raised over \$100,000 towards causes close to their hearts. The Foundation boosted these donations through additional contributions totalling \$33,643 under the Double Your Dollar Programme.

The Foundation also provided additional funds under the Employee Engagement Programme where five departments organised Christmas donations for five disadvantaged communities across the country.

Staff also participated in the Pinktober campaign in support of men's health awareness, raising over \$10,000 that was donated to Fiji Cancer Society.



#### Grants Approved And Paid In The Current Financial Year

Particulars	Financial Year 2018 - 2019
<b>WOD Expenses</b>	<b>\$</b>
WOD Admin Expenses	122,579
Mpisa Expenses	31,386
<b>Total WOD Expenses</b>	<b>153,965</b>
<b>Double Your Dollar - Donations</b>	
Northern Charity Alliance	1,000
Vani Drodrovakawai	1,000
Northern Charity Alliance	1,000
Arshidvard Ramayan Mandali	1,000
Ravitesh Naidu	338
Caubati Mandali	1,000
Ashish Maharaj	1,000
Neonatal Intensive Care	1,000
Western Charity Alliance	981
Western Charity Alliance	1,000
Sita Ram Mandali-Makoi	1,000
Fiji Cancer Society	1,000
Ashneel Chand	1,000
Fiji Disabled Peoples Federation	1,000
St Giles Hospital	910
Northern Charity Alliance	1,000
Save the Children	850
Vuci Methodist Primary School	940
Lions Club of Labasa	1,000
<b>Total Double Your Dollar (DYD)</b>	<b>18,019</b>

## Vodafone ATH Fiji Foundation (Cont'd)

Grants Approved And Paid In The Current Financial Year	
Particulars	Financial Year 2018 - 2019
<b>Mobile for Good</b>	<b>\$</b>
Talaiya Muslim Primary School	2,453
Lado Youth Club	2,500
Rewasa Village Youth Club	2,500
Barara Youth Club	2,500
Nausori Women's Club	2,500
Loloma Home and Care Center	2,500
Treasure House Christian Childrens Home	2,500
Lokalevu Womens Club	2,500
Vahu ni Voua	2,500
Drodrolagi Unity Club	2,500
Duavata Youth Club	2,500
Sisiwa Youth Club	2,500
Nakorokula Village Youth Club	2,000
Joritani Womens Club	2,500
Nawamagi Women's	2,500
Wainikoro Taginikula Kindergarten	2,500
Nukusa Women's Club	2,500
Naboutini Youth & Sports Club	2,500
Labasa Youth For Development & Change	2,500
Korolumi Mothers Club	1,269
Verevere Village Youth Club	2,500
Talitali Youth Club	2,500
Nakanacagi Youth Club	2,500
Wainikoro Public School	2,492
Ahmadiya Muslim Secondary	2,492
Muanidevo Sanatan Dharam Primary	2,492
Kalabu Women's Club	2,500
Siberia Multi racial Youth Club	2,500
Levuka Duavata Youth Club	2,500
Lautoka Muslim College	2,500
Magodro Secondary School	2,500
Xavier College	2,500
Nadi Muslim College	2,500
Kamil Muslim College	2,500
Fiji Paralympic Committee	2,500
Nasinu Youth Project	2,500
Khalsa College	2,500
Kavanagasau College	2,500
Senivono Women's Club	2,500
Labasa District Youth Council	2,500

## Vodafone ATH Fiji Foundation (Cont'd)

Grants Approved And Paid In The Current Financial Year	
Particulars	Financial Year 2018 - 2019
<b>Mobile for Good</b>	<b>\$</b>
Thomas Baker Memorial School	2,500
Ra High School	2,500
Tobu Village Youth Club	2,500
Lovu Hart Youth Club	2,500
Raviravi Village Youth Council	1,100
Lifeline Fiji	2,500
Tilak High School	2,500
Lawai Village Youth Club	2,500
Nausori Youth Club	2,500
Lautoka Andra Sangam College	2,500
Sigatoka Andra College	2,500
Senior Citizen Ba Community Center	2,500
Mocelulu Youth Club	2,500
Purple Rose Club	2,500
Golden Age Home Social Club	2,500
Tina ni Yaga Women's Club	2,500
Navuniwi Youth Club	2,500
Valawere Youth Club	2,500
Vuniuto Youth Club	2,500
Covata Youth Club	2,500
Kuinitoba Youth Club	2,500
Volivoli Primary School	2,500
Seaqaqa Young Farmers Club	2,500
Naveyago Youth Club	2,500
Social Youth Society	2,500
Saqani High School	2,440
Global Gimit Institute	2,440
Hakwa Foundation	5,000
Vatoa Youth Club	2,500
Naboutini Youth & Sports Club	2,489
Ratu Luke Secondary School	2,440
JP Bayly Trust	20,000
Lions Club of Nadi	5,000
Central College	2,500
Mulomulo Secondary School	1,000
Sabeto College	2,500
Maharishi Sanatan College	2,500
Nakeakulu Youth Club	2,500
Bluestone Youth Club	2,500
Northern Charity Alliance	5,000
<b>Total Mobile for Good</b>	<b>220,107</b>

## Vodafone ATH Fiji Foundation (Cont'd)

Grants Approved And Paid In The Current Financial Year	
Particulars	Financial Year 2018 - 2019
<b>Sustainable Funding</b>	<b>\$</b>
Rotary Club Of Taveuni	20,000
Rotary Club of BA	10,000
Spinal Injury Association	10,000
Lions Club of Labasa	20,000
Western Charity Alliance	20,000
Sai Prema Foundation	20,000
<b>Total Sustainable Funding</b>	<b>100,000</b>
<b>Total Donations</b>	<b>492,091</b>



# Amalgamated Telecom Holdings Limited and Subsidiary Companies

## Financial Statements For The Year Ended 31 March 2019

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## Directors' Report

In accordance with a resolution of the board of directors, the directors herewith submit the consolidated statement of financial position of Amalgamated Telecom Holdings Limited and its subsidiary companies (the group) as at 31 March 2019, the related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended on that date and report as follows:

### Directors

The names of directors of the holding company in office at the date of this report are:

Mr Ajith Kodagoda - Chairman  
Mr Arun Narsey  
Mr Tom Ricketts

Mr Taito Waqa  
Mr Umarji Musa  
Mr David Kolitagane

### Principal Activities

The principal activity of the holding company during the year was that of equity investments.

The principal activities of the operating subsidiary companies were as follows:

Entity	Principal Activities
Telecom Fiji Pte Limited	Telecommunication, ICT and data services, post and pre-paid telephony services, sale of telephone equipment, sale of office and computer equipment, provision of internet related services and selling of prepaid transactions cards.
Vodafone Fiji Pte Limited	Cellular mobile telecommunication services, cloud services, e-transport and other ancillary services on mobile platform.
Fiji International Telecommunications Pte Limited	International telecommunications facilities and provision of Internet related services.
Fiji Directories Pte Limited	Compiling and publishing online and print Fiji telephone directory services.
Datec (Fiji) Pte Limited and its subsidiary, Datec Australia Pty Limited	Sale of computer hardware and software, ICT services, equipment rental, provision of technical support and other related services provided within the technology industry.
Amalgamated Telecom Holdings (Kiribati) Limited	Telecommunications and ICT services in the Republic of Kiribati.
Telecom Vanuatu Limited	Telecommunication services in the Republic of Vanuatu.
Amalgamated Bluesky Telecom Holdings Incorporated and its subsidiary companies including AST Telecom, LLC, American Samoa Entertainment, Inc., Bluesky Samoa Limited, Telecom Cook Islands Limited, TCNZ Cook Islands Limited, Teleraro Limited, Bluesky Pacific Holdings Limited, Bluesky Cook Islands Investment Limited, Bluesky Holding New Zealand Limited and Teleraro Management Limited	Equity investments, provision of mobile wireless (GSM) and broadband internet services, provision of telecommunication services which includes local and international telecommunications services, sale of telephone equipment, compilation and publishing of telephone directory, provision of internet connection and internet related services, operation of a mobile and fixed line telecommunications network and provision of cable services and internet.
eLandia Technologies, LLC and its subsidiary companies including American Samoa Hawaii Cable LLC and Samoa American Samoa Cable Limited	Equity investments, operation of an undersea fibre optic cable system and the sale of broadband capacity.
ATH International Venture Pte Limited and its subsidiary companies including Digitec Communications Limited (PNG), Digitec ICT Limited (PNG), Etech ICT Pte Limited (Singapore) and Etech ICT Pty Limited (Australia).	Equity investments and provision of ICT services.

There were no significant changes in the nature of principal activities of the group during the financial year.

## Directors' Report (Cont'd)

### Results

The consolidated profit after income tax attributable to the members of the holding company for the financial year was \$54,315,546 (2018 restated profit \$58,065,113).

### Dividends

Final dividend of \$10,552,622 was provided by the holding company for the year ended 31 March 2019 (2018: interim dividends of \$10,552,622 were paid and final dividends of \$8,442,097 were provided).

### Basis of Accounting - Going Concern

The financial statements of the group have been prepared on a going concern basis. The directors consider the application of the going concern principle to be appropriate in the preparation of these financial statements as we believe that the group has adequate funds to meet its liabilities as and when they fall due over the next twelve months.

### Bad Debts and Allowance for Impairment loss

Prior to the completion of the financial statements of the group, the directors took reasonable steps to ascertain that action had been taken in relation to writing off of bad debts and the making of allowance for impairment loss. In the opinion of the directors, adequate allowance has been made for impairment loss.

As at the date of this report, the directors are not aware of any circumstances, which would render the amount written off for bad debts, or the allowance for impairment loss in the group, inadequate to any substantial extent.

### Current and Non-Current Assets

Prior to the completion of the financial statements of the group, the directors took reasonable steps to ascertain whether any current and non-current assets were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the group. Where necessary, these assets have been written down or adequate allowance has been made to bring the values of such assets to an amount that they might be expected to realise.

As at the date of this report, the directors are not aware of any circumstances, which would render the values attributed to current and non-current assets in the group's financial statements misleading.

### Unusual Transactions

In the opinion of the directors, the results of the operations of the group during the financial year were not substantially affected by any item, transaction or event of a material unusual nature, nor has there arisen between the end of the financial year and the date of this report, any item, transaction or event of a material unusual nature, likely in the opinion of the directors, to affect substantially the results of the operations of the group in the current financial year.

### Significant Events During the Year

During the year:

- (a) On 7 December 2018, the subsidiary company, ATH International Venture Pte Limited (ATHIVPL), a fully owned holding company of Amalgamated Telecom Holdings Limited (ATH) was incorporated in Singapore and executed definitive agreements to purchase 70% shareholdings in each of Digitec Communications Limited, Etech ICT Pte Limited and Etech ICT Pty Limited (collectively Digitech Group).

The Parties agreed to ATHIVPL acquiring 70% shareholding in the Digitec Group for a total consideration of USD13.32 million on 10 December 2018. The parties have also agreed to capitalise Digitec Communications Limited to fund a mobile network rollout in Papua New Guinea. The acquisition was effective on the date of change of control, which was 1 January 2019.

## Directors' Report (Cont'd)

### Significant Events During the Year (Cont'd)

- (b) On 12 November 2018, as required by the U.S. Department of Justice (DOJ), the U.S. Department of Homeland Security (DHS) and the U.S. Department of Defence (DOD), (collectively, Team Telecom) ATH executed a Letter of Assurances (LoA) and a Letter of Commitments (LoC) outlining the operational procedures and policies of the various operations in American Samoa to ensure the compliance with U.S. national security requirements. The LoA and LoC superseded an earlier LoA ATH provided to DHS on May 7 2018.

Consequently, on 14 November 2018, Team Telecom petitioned the Federal Communications Commission (FCC) with non-objection to the change of control subject to the LoA, LoC and any other conditions the FCC imposed on the transaction.

On 16 November 2018, the FCC, via public notice, notified the FCC's decision to grant the parties joint application for the transfer of authorisations provided under section 214 of the Communications Act (1934, as amended) to enable the change of control of the American Samoan businesses. The transfer of various radio frequency licenses and other authorisations were additionally granted by the FCC.

Subsequent to Team Telecom's non objection to the transaction and change of control, on 10 December 2018, the Committee on Foreign Investment in the U.S. (CFIUS) advised the parties that it had completed its review under section 721 of the Defence Production Act (1950, as amended) and assessed that there were no national security issues outstanding. This final clearance from CFIUS together with the Team Telecom and FCC clearances completed the set of all necessary approvals required by ATH and Amper to complete the sale of Amper's interests in the Bluesky Group to ATH.

Amper SA agreed for the transfer of control of AST Telecom, LLC doing business as Bluesky of American Samoa, American Samoa Hawaii Cable, LLC, of Samoa and Samoa American Samoa Cable, LLC of Samoa to ATH to be effective 1 January 2019.

As a result, all the Amper SA appointed directors in the respective entities resigned effective from 31 December 2018 and ATH appointed their nominee directors to the boards of respective entities effective from 1 January 2019.

On 22 February 2019, the holding company, Amalgamated Telecom Holdings Limited (ATH), settled the balance of the purchase price payable for with eLandia International Inc. 100% shareholding of elandia Technologies Inc (elandia Technologies) and 100% of the membership interest in AST Telecom LLC (AST Telecom). The balance of the purchase price payable of USD43.5 million was financed through an additional loan from ANZ (Fiji) which was in addition to the existing facilities.

- (c) The holding company, Amalgamated Telecom Holdings Limited (ATH) received a conditional approval from the Fijian Competition and Consumer Commission (FCCC) for the integration of subsidiary Telecom Fiji Pte Limited (TFL) and Fiji International Telecommunications Limited (FINTEL) via TFL acquisition of certain assets and liabilities of FINTEL. The integration remains on foot while the companies are working towards meeting the regulatory conditions and obtaining official (High Court) sanction to proceed with the transaction.

### Events Subsequent to Balance Date

Subsequent to balance date:

- (a) On 8 May 2019, the Government of the Cook Islands, through the Ministry of Finance and Economic Management released the draft Cook Islands Telecommunications Market Competition Policy 2019 for public consultation. The draft Policy articulates the Government's intention to undertake legislative and regulatory reforms to liberalise the telecommunications market sometime in the near future. While the impact of liberalisation would by definition result in a reduction in the market share of the incumbent operator, Telecom Cook Islands Limited and management remain confident that the company will maintain its position as the market leader in the Cook Islands.

## Directors' Report (Cont'd)

### Events Subsequent to Balance Date (Cont'd)

Subsequent to balance date (Cont'd):

- (b) On 6th June, the Fijian Competition and Consumer Commission made an interim Authorisation for Prices for Access to Southern Cross Cable using FINTEL's Cable Landing Station and ICT Data Levy Fee. This authorisation amends charges for:
- (1) Co-ordination of Access Approval and Landing of Capacity;
  - (2) Facilities Interconnect Service; and
  - (3) Co-location Service and is effective from 10 June 2019. The ICT Data Levy Fee is effective from 1 August 2019.

This regulatory pricing changes has direct impact on all our Fiji subsidiaries and may impact investment outlook on certain investments. e.g. one off charges by FINTEL ceases to apply, Facilities Interconnect Service \$4,000 per Gb VEP per month based on lit capacity. Co-location Service \$1,500 per square metre per month ICT Data Levy Fees (\$0.10 per GB used).

The ICT Data Levy fee is calculated on the assumed revenue from data usage regardless of the actual price. The assumed revenue is set at \$1.00 per GB and the data levy is at the rate of \$0.10 per GB. The ICT voice levy fee of 7 cents will cease to apply from 1 August 2019.

We will continue to work with the FCCC to understand and work through these authorisations. FCCC has indicated that a review of the ICT Data Levy fee will be conducted in 12 months to assess the adequacy of the rates.

- (c) Vodafone Fiji Pte Limited sold 30% of its ordinary shares in Datec (Fiji) Pte Limited to QuestTech Pty Limited. The share transfer was completed on 18th July 2019.

Apart from the above, no matters or circumstances have arisen since the end of the financial year which would require adjustment to or disclosure in the consolidated financial statements.

### Other Circumstances

As at the date of this report:

- (i) no charge on the assets of any company in the group has been given since the end of the financial year to secure the liabilities of any other person;
- (ii) no contingent liabilities have arisen since the end of the financial year for which any company in the group could become liable; and
- (iii) no contingent liabilities or other liabilities of any company in the group have become or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the group to meet its obligations as and when they fall due.

As at the date of this report, the directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the group's financial statements which would make adherence to the existing method of valuation of assets or liabilities of the group misleading or inappropriate.

## Directors' Report (Cont'd)

### Directors' Benefits

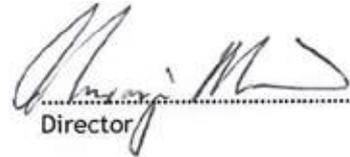
Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits disclosed in the financial statements and / or those included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements or received as the fixed salary of a full-time employee of any company in the group or of a related corporation) by reason of a contract made by any company in the group or by a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

For and on behalf of the board and in accordance with a resolution of the board of directors.

Dated this 25 day of July 2019.



Director



Director

## Directors' Declaration

### DIRECTORS' DECLARATION

The declaration by directors is required by Section 390 of the Companies Act, 2015.

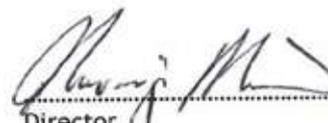
The directors of the holding company have made a resolution that declares:

- a) In the opinion of the directors, the financial statements of the group for the financial year ended 31 March 2019:
  - i. comply with the International Financial Reporting Standards and give a true and fair view of the financial position of the group as at 31 March 2019 and of the performance and cash flows of the group for the year ended 31 March 2019;
  - ii. have been prepared in accordance with the Companies Act, 2015;
- b) The directors have received independence declaration by auditors as required by Section 395 of the Companies Act, 2015; and
- c) At the date of this declaration, in the opinion of the directors, there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable.

For and on behalf of the board and in accordance with a resolution of the board of directors.

Dated this 25 day of July 2019.

  
.....  
Director

  
.....  
Director



Tel: +679 331 4300  
Fax: +679 330 1841  
Email: info@bdo.com.fj  
Offices in Suva and Lautoka

BDO  
Chartered Accountants  
Level 10, FNPF Place  
343 Victoria Parade  
GPO Box 855  
Suva, Fiji

#### AMALGAMATED TELECOM HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

#### AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF AMALGAMATED TELECOM HOLDINGS LIMITED

As group auditor for the audit of Amalgamated Telecom Holdings Limited and subsidiary companies for the financial year ended 31 March 2019, I declare to the best of my knowledge and belief that there have been:

- (a) no contraventions of the auditor independence requirements of the Companies Act, 2015 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect to Amalgamated Telecom Holdings Limited and entities it controlled during the year.

Wathsala Suraweera  
Partner  
Suva, Fiji

BDO  
CHARTERED ACCOUNTANTS

25 July 2019

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Tel: +679 331 4300  
 Fax: +679 330 1841  
 Email: info@bdo.com.fj  
 Offices in Suva and Lautoka

BDO  
 Chartered Accountants  
 Level 10, FNPF Place  
 343 Victoria Parade  
 GPO Box 855  
 Suva, Fiji

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of Amalgamated Telecom Holdings Limited

#### Report on the Audit of the Consolidated Financial Statements

##### Opinion

We have audited the accompanying consolidated financial statements of Amalgamated Telecom Holdings Limited and its subsidiary companies (together the group), which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the holding company and the group as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting standards (IFRS).

##### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the group in accordance with the International Ethics Standards Board for Accountant's *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Fiji and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the matter
<b>Acquisition of Bluesky Group and Digitec Group and Recognition and Measurement of Goodwill</b>	
<p>Refer to notes 15 and 16 of the accompanying financial statements.</p> <p>During the year, holding company completed the acquisition of Bluesky Group and Digitec Group by establishing control over both Bluesky and Digitec Group effective from 1 January 2019, for a purchase consideration of USD 93.1 million (approximately FJD 196.6 million) and USD 13.3 million (FJD 28.5 million), respectively.</p> <p>Following the purchase price allocation (in which identifiable assets and liabilities assumed were recognised at fair value), and goodwill of FJD 130.8 million and FJD 22.7 million were recognised for Bluesky Group and Digitec Group, respectively.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>Auditing the accounting for the acquisition of the Bluesky Group and Digitec Group. This included an analysis of the fair value of most of the identifiable assets acquired and liabilities assumed supporting the purchase price allocation and the resulting goodwill.</li> <li>A significant amount of the purchase consideration of the Bluesky Group and Digitec Group resulted in the recognition of goodwill. Given the significant amount of goodwill, we particularly considered the appropriateness of the amount recognised as goodwill as part of our audit process.</li> <li>Examining the approved business plans and assumptions used by management, including forecasted revenue base, profit from operations and margins, working capital for terminal value calculations and cash flows necessary for the continuing use of the CGU's assets and allocated goodwill.</li> <li>Testing the mathematical accuracy of the models used by management. We also examined the related disclosures in the financial statements. We concur with management's judgements and outcome of their procedures.</li> </ul>

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## Independent Auditor's Report (Cont'd)

### To the Shareholders of Amalgamated Telecom Holdings Limited (Cont'd)

#### Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the matter
<b>Changes in Accounting Policies in relation to adoption of International Financial Reporting Standard (IFRS) 9 - Financial Instruments, IFRS 15 - Revenue from Contracts with Customers, and early adoption of IFRS 16 - Leases</b>	
<p>Changes in accounting policies in relation to adoption of IFRS 9, IFRS 15 and early adoption of IFRS 16 is considered to be a key audit matter due to:</p> <ul style="list-style-type: none"> <li>The significance of these three new standards to the overall financial reporting framework of the group including recognition, measurement/valuation, presentation and disclosures of key transactions and balances.</li> <li>The vast implications and adjustments in books as a result of first time adoption of these three standards in reporting overall financial position, results and cash flows of the group compared to the earlier framework.</li> <li>The complexities involved in the first time adoption of the standards given the complex technicalities involved in the conceptual framework of each of the three standards.</li> <li>Involvement of significant assumptions and judgements in terms of applications of key principles of each of the three standards.</li> <li>Extensive disclosure requirements in the first time adoption</li> </ul>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>Reviewing of management's analysis and assessments including reports of external advisors on impact assessment and calculations of relevant adjustments on first time adoption.</li> <li>Reviewing the key assumptions and judgements used by the management in assessing the impact of each of the three standards to the respective entities of the group.</li> <li>Evaluating and independently reviewing the methodologies used for the calculations relating to adjustment entries in terms of its reasonableness and compliance with the relevant standards.</li> <li>Assessing the conclusions made by the management and independent advisors on the applicability and relevance of certain principles of each of the standards to the group compared to its earlier accounting policies.</li> <li>Verifying the entries processed to the opening balances of 1 April 2018 in the books of account based on the calculations of impact arising from each of the three standards.</li> <li>Reviewing and ensuring the adequacy of disclosures made in first time adoption of the standards.</li> </ul>

#### Other Information

The management and directors are responsible for the other information. The other information comprises of the information included in the Annual Report but does not include the financial statements and the auditor's report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement of this other information, we are required to report that fact.

#### Responsibilities of the Management and Directors for the Financial Statements

The management and directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and the Companies Act, 2015, and for such internal control as the management and directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management and directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management and directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

The management and directors are responsible for overseeing the group's financial reporting process.

## Independent Auditor's Report (Cont'd)

### To the Shareholders of Amalgamated Telecom Holdings Limited (Cont'd)

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud and error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's and directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the group's financial information to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the management and directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the management and directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the management and directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Independent Auditor's Report (Cont'd)

### To the Shareholders of Amalgamated Telecom Holdings Limited (Cont'd)

#### Report on Other Legal and Regulatory Requirements

In our opinion, the consolidated financial statements have been prepared in accordance with the requirements of the Companies Act, 2015 in all material respects, and;

- a) we have been given all information, explanations and assistance necessary for the conduct of the audit; and
- b) the group have kept financial records sufficient to enable the financial statements to be prepared and audited.



**BDO**  
**CHARTERED ACCOUNTANTS**



**Wathsala Suraweera**  
**Partner**  
**Suva, Fiji**  
**25 July 2019**

Amalgamated Telecom Holdings Limited and Subsidiary Companies

Consolidated Statement of Profit or Loss and other  
Comprehensive Income  
For the Year Ended 31 March 2019

	Notes	2019 \$'000	2018 Restated \$'000
<b>Continuing Operations</b>			
Revenue	6	523,950	460,416
Direct costs	7	(190,055)	(162,676)
<b>Gross profit</b>		<b>333,895</b>	<b>297,740</b>
Other income	8	17,666	20,053
Depreciation of property, plant and equipment	14	(59,539)	(50,984)
Depreciation of right of use assets	17	(5,681)	-
Amortisation of intangible assets	16	(1,087)	(3,135)
Impairment / (Reversal of impairment) on trade and other receivable, net		587	(2,638)
Personnel costs	9	(57,746)	(49,486)
Marketing and promotion expenses		(17,919)	(15,900)
Other operating expenses	11	(88,606)	(76,589)
Impairment loss on telecommunications and capital equipment	14	-	(258)
<b>Operating profit</b>		<b>121,570</b>	<b>118,803</b>
Finance income	10	2,505	2,862
Finance cost	10	(11,348)	(8,596)
Net Finance cost		(8,843)	(5,734)
<b>Profit from operations</b>		<b>112,727</b>	<b>113,069</b>
Share of profit from associate	18(b)	-	462
<b>Profit before income tax</b>		<b>112,727</b>	<b>113,531</b>
Income tax expense	12(a)	(27,988)	(23,744)
<b>Profit for the year after tax</b>		<b>84,739</b>	<b>89,787</b>
<b>Other comprehensive income</b>			
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Exchange difference on translation of foreign operations		2,244	437
<b>Other comprehensive income for the year</b>		<b>2,244</b>	<b>437</b>
<b>Total comprehensive income for the year</b>		<b>86,983</b>	<b>90,224</b>

Amalgamated Telecom Holdings Limited and Subsidiary Companies

Consolidated Statement of Profit or Loss and other  
Comprehensive Income  
For the Year Ended 31 March 2019 (Cont'd)

Notes	2019 \$'000	2018 Restated \$'000
<b>Profit attributable to:</b>		
Equity holders of the holding company	54,315	58,065
Non-controlling interests	30,424	31,722
	<u>84,739</u>	<u>89,787</u>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the holding company	56,540	58,504
Non-controlling interests	30,443	31,720
	<u>86,983</u>	<u>90,224</u>
<b>Earnings per share for profit attributable to the equity holders of the holding company during the year (expressed in cents per share)</b>		
- Basic and diluted earnings per share	13      12.90	13.80

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

## Consolidated Statement of changes in Equity For the Year Ended 31 March 2019

Group	Attributable to equity holders of the holding company					Total
	Issued capital	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 April 2017	107,600	(1,360)	136,757	242,997	49,484	292,481
<b>Total comprehensive income</b>						
Restated profit for the year (note 2(g))	-	-	58,065	58,065	31,722	89,787
1% Transitional tax on undistributed profits	-	-	(138)	(138)	(48)	(186)
Other comprehensive income	-	437	-	437	(2)	435
Total comprehensive income	-	437	57,927	58,364	31,672	90,036
<b>Transactions with owners of the company</b>						
Dividends (Note 30)	-	-	(18,995)	(18,995)	(22,050)	(41,045)
Total transaction with owners of the company	-	-	(18,995)	(18,995)	(22,050)	(41,045)
<b>Restated balance as at 31 March 2018</b>	<b>107,600</b>	<b>(923)</b>	<b>175,689</b>	<b>282,366</b>	<b>59,106</b>	<b>341,472</b>
Impact of adjustment on initial application of IFRS 15 (net of tax)	-	-	636	636	633	1,269
Impact of adjustment on initial application of IFRS 9 (net of tax)	-	-	(175)	(175)	-	(175)
<b>Adjusted balance as at 1 April 2018</b>	<b>107,600</b>	<b>(923)</b>	<b>176,150</b>	<b>282,827</b>	<b>59,739</b>	<b>342,566</b>
<b>Total comprehensive income</b>						
Profit for the year	-	-	54,315	54,315	30,424	84,739
Adjustments for share of profit from associate (Note 18)	-	-	(603)	(603)	-	(603)
Other comprehensive income	-	2,225	-	2,225	19	2,244
Total comprehensive income	-	2,225	53,712	55,937	30,443	86,380
<b>Transactions with owners of the company</b>						
Dividends (Note 30)	-	-	(10,553)	(10,553)	(22,050)	(32,603)
Total transaction with owners of the company	-	-	(10,553)	(10,553)	(22,050)	(32,603)
<b>Changes in ownership interest</b>						
Acquisition of subsidiary with NCI	-	-	-	-	63,199	63,199
Total changes in ownership interest	-	-	-	-	63,199	63,199
<b>Balance as at 31 March 2019</b>	<b>107,600</b>	<b>1,302</b>	<b>219,309</b>	<b>328,211</b>	<b>131,331</b>	<b>459,542</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

## Consolidated Statement of Financial Position

### As at 31 March 2019

Assets	Notes	2019 \$'000	2018 Restated \$'000
<b>Non-current assets</b>			
Property, plant and equipment	14	563,465	350,576
Right of use assets	17	44,452	-
Intangible assets	16	195,629	29,742
Investment in associates	18(a)	-	12,720
Available-for-sale financial assets	18(b)	-	1,621
Held-to-maturity investments	21	-	9,000
Deferred tax assets	12(b)	8,849	4,678
Trade and other receivables	22	2,586	63,894
		814,981	472,231
<b>Current assets</b>			
Inventories	20	36,790	23,903
Held-to-maturity investments	21	-	47,534
Other investments	21	34,278	-
M-PAiSA trust account		34,959	20,000
Trade and other receivables	22	123,684	70,635
Cash on hand and at banks		76,776	48,283
		306,487	210,355
<b>Total assets</b>		<b>1,121,468</b>	<b>682,586</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity attributable to members of the holding company</b>			
Share capital	24(a)	107,600	107,600
Foreign currency translation reserve	24(b)	1,302	(923)
Retained earnings		219,309	175,689
Equity attributable to the owners of the holding company		328,211	282,366
Equity attributable to non-controlling interests		131,331	59,106
<b>Total shareholders' equity</b>		459,542	341,472
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	12(c)	24,414	20,090
Borrowings	26	296,707	66,156
Provisions	27	583	2,002
Trade and other payables	28	3,855	3,936
Lease liabilities	17	28,089	-
Deferred income on government grants	29	35	80
		353,683	92,264

Amalgamated Telecom Holdings Limited and Subsidiary Companies

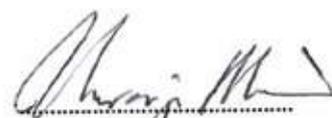
Consolidated Statement of Financial Position  
As at 31 March 2019 (Cont'd)

	Notes	2019 \$'000	2018 Restated \$'000
<b>Current liabilities</b>			
Borrowings	26	41,587	86,850
Finance lease liabilities - IRU Network Capacity	25	-	252
Lease liabilities	17	4,451	-
Provisions	27	19,323	25,444
Trade and other payables	28	201,986	113,269
Current tax liability	12(d)	5,937	3,035
E-value in circulation		34,959	20,000
		<u>308,243</u>	<u>248,850</u>
<b>Total liabilities</b>		<u>661,926</u>	<u>341,114</u>
<b>Total equity and liabilities</b>		<u>1,121,468</u>	<u>682,586</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

For and on behalf of the board and in accordance with a resolution of the board of directors.

  
.....  
Director

  
.....  
Director

## Consolidated Statement of Cash Flows

### For the year ended 31 March 2019

	2019 \$'000	2018 \$'000
<b>Operating activities</b>		
Receipts from customers and others	544,591	473,872
Payments to suppliers and employees	(369,435)	(315,203)
Dividends received	267	-
<b>Net cash generated from operations</b>	175,423	158,669
Interest received	3,021	2,721
Interest paid	(11,068)	(8,563)
Income taxes paid	(27,026)	(22,813)
Tax on undistributed profits paid	-	(186)
<b>Net cash inflows from operating activities</b>	140,350	129,828
<b>Investing activities</b>		
Payments for property, plant and equipment	(150,472)	(79,680)
Payments for intangible assets	(504)	(1,293)
Payment for investment in subsidiary companies	(129,953)	-
Proceeds from sale of property, plant and equipment, net of capital gains tax	676	5,026
Redemption of held-to-maturity investments	20,767	7,930
Proceeds / (payment) for held-to-maturity investments	-	(9,068)
Repayment of advances by Amalgamated Telecom Holdings Nominees Limited	-	2,500
Proceeds from insurance claims for damaged property, plant & equipment	-	154
<b>Net cash used in investing activities</b>	(259,486)	(74,431)
<b>Financing activities</b>		
Dividends paid to equity holders of the holding company	(18,994)	(16,884)
Dividends paid to non-controlling interests	(22,929)	(19,600)
(Repayment of) / proceeds from borrowings, net	138,774	(21,589)
Payment for lease liabilities	(3,542)	(373)
<b>Net cash provided by / (used in) financing activities</b>	93,309	(58,446)
<b>Net decrease in cash and cash equivalents</b>	(25,827)	(3,049)
Effect of exchange rate movement on cash and cash equivalents	943	(298)
Addition in cash and cash equivalents from acquisition of shares in subsidiary companies	37,592	-
Cash and cash equivalents at the beginning of the financial year	48,791	52,138
<b>Cash and cash equivalents at end of year (Note 23)</b>	61,499	48,791

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019

### NOTE 1. GENERAL INFORMATION

#### a) Corporate information

Amalgamated Telecom Holdings Limited (the holding company) is a limited liability company incorporated and domiciled in Fiji. The holding company is listed on the South Pacific Stock Exchange, Suva. The address of its registered office and principal place of business is Harbour Front Building, Rodwell Road, Suva.

#### b) Consolidated financial statements

The consolidated financial statements for the year ended 31 March 2019 comprise the holding company and its subsidiaries (together referred to as “the Group”).

#### c) Parent company

The holding company’s parent undertaking is the Fiji National Provident Fund (FNPf), which is an entity incorporated in Fiji.

#### d) Principal activities

The principal activity of the holding company during the year was that of equity investments.

The principal activities of the operating subsidiary companies were as follows:

Entity	Principal Activities
Telecom Fiji Pte Limited	Telecommunication, ICT and data services, post and pre-paid telephony services, sale of telephone equipment, sale of office and computer equipment, provision of internet related services and selling of prepaid transactions cards.
Vodafone Fiji Pte Limited	Cellular mobile telecommunication services, cloud services, e-transport and other ancillary services on mobile platform.
Fiji International Telecommunications Pte Limited	International telecommunications facilities and provision of Internet related services.
Fiji Directories Pte Limited	Compiling and publishing online and print Fiji telephone directory services.
Datec (Fiji) Pte Limited and its subsidiary, Datec Australia Pty Limited	Sale of computer hardware and software, ICT services, equipment rental, provision of technical support and other related services provided within the technology industry.
Amalgamated Telecom Holdings (Kiribati) Limited	Telecommunications and ICT services in the Republic of Kiribati.
Telecom Vanuatu Limited	Telecommunication services in the Republic of Vanuatu.
Amalgamated Bluesky Telecom Holdings Incorporated and its subsidiary companies including AST Telecom, LLC, American Samoa Entertainment, Inc., Bluesky Samoa Limited, Telecom Cook Islands Limited, TCNZ Cook Islands Limited, Teleraro Limited, Bluesky Pacific Holdings Limited, Bluesky Cook Islands Investment Limited, Bluesky Holding New Zealand Limited and Teleraro Management Limited	Equity investments, provision of mobile wireless (GSM) and broadband internet services, provision of telecommunication services which includes local and international telecommunications services, sale of telephone equipment, compilation and publishing of telephone directory, provision of internet connection and internet related services, operation of a mobile and fixed line telecommunications network and provision of cable services and internet.
eLandia Technologies, LLC and its subsidiary companies including American Samoa Hawaii Cable LLC and Samoa American Samoa Cable Limited	Equity investments, operation of an undersea fibre optic cable system and the sale of broadband capacity.
ATH International Venture Pte Limited and its subsidiary companies including Digitec Communications Limited (PNG), Digitec ICT Limited (PNG), Etech ICT Pte Limited (Singapore) and Etech ICT Pty Limited (Australia)	Equity investments and provision of ICT services.

There were no significant changes in the nature of principal activities of the group during the financial year.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 2. BASIS OF PREPARATION

#### a) Basis of preparation

The consolidated financial statements of the group have been prepared under the historical cost convention. Cost is based on the fair values of the consideration given in exchange for goods and services.

In the application of International Financial Reporting Standards, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or recognised in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of International Financial Reporting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the future periods are disclosed, where applicable, in the relevant notes to the financial statements.

Those areas involving a higher degree of judgement or complexity, or those areas where assumptions and estimates are critical to the financial statements are disclosed in note 5.

#### b) Statement of compliance

The consolidated financial statements of the group have been prepared in accordance with International Financial Reporting Standards (IFRS) and in compliance with the requirements of the Companies Act, 2015.

#### c) Changes in accounting policies

New standards impacting the group that are adopted in the consolidated annual financial statements for the year ended 31 March 2019, and which has given rise to changes in the group's accounting policies are:

- IFRS 9 Financial Instruments (IFRS 9);
- IFRS 15 Revenue from Contracts with Customers (IFRS 15); and
- IFRS 16 Leases (IFRS 16).

Details of the impact of these three standards have been presented below.

Other new and amended standards and interpretations issued by the IASB that will apply for the first time in the consolidated annual financial statements are not expected to impact the group as they are either not relevant to the group entities activities or require accounting which is consistent with the group's current accounting policies.

#### **New Standards Applied by the Group - IFRS 9 - Financial Instruments, IFRS 15 - Revenue from Contracts with Customers and IFRS 16 - Leases**

##### **A. IFRS 9 - Financial Instruments**

The group has adopted IFRS 9 Financial Instruments issued in July 2014 from the effective date of 1 January 2018. The requirements of IFRS 9 represent a significant change from IAS 39 *Financial Instruments: Recognition and Measurement*.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 2. BASIS OF PREPARATION (CONT'D)

#### c) Changes in accounting policies (cont'd)

The nature and effects of the key changes to the group's accounting policies resulting from its adoption of IFRS 9 are summarised below:

As a result of the adoption of IFRS 9, the group adopted consequential amendments to IAS 1 *Presentation of Financial Statements* which requires impairment of financial assets to be presented in a separate line item in the consolidated statement of profit or loss and other comprehensive income (OCI). Previously, the group's approach was to include the impairment of trade receivables in operating expenses.

Additionally, the group adopted consequential amendments to IFRS 7 *Financial Instruments: Disclosures* that are applied to disclosures about 2019 but generally have not been applied to comparative information.

#### i. Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

The impact of transition of instruments in these categories is detailed in note 3.17 and note 2(c)A(iv).

For an explanation of how the group classifies and measures financial assets and accounts for related gains and losses under IFRS 9, refer note 3.17. The adoption of IFRS 9 has not had a significant effect on the group's accounting policies for financial liabilities.

#### ii. Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets, debt investments at FVOCI and loan commitments issued, but not to investments in equity instruments.

Under IFRS 9, credit losses are recognised earlier than under IAS 39 - refer note 3.18.

#### iii. Transition

Changes in accounting policies resulting from the adoption of IFRS 9 (2014) have been applied retrospectively, except as described below:

- Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings as at 1 April 2018.

Accordingly, the information presented for the year ended 31 March 2018 does not generally reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 31 March 2019 under IFRS 9.

- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:
  - The determination of the business model within which a financial asset is held.
  - If an investment in a debt security had low credit risk at the date of initial application of IFRS 9, then the group assumed that the credit risk on the asset had not increased significantly since its initial recognition.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 2. BASIS OF PREPARATION (CONT'D)

#### c) Changes in accounting policies (cont'd)

The following table summarises the impact, net of tax, of transition to IFRS 9 on retained earnings at 1 April 2018:

Retained Earnings	Amount (\$'000)
Closing balance under IAS 39 (31 March 2018) - Restated	175,689
Expected credit losses under IFRS 9	(218)
Related tax	43
Opening balance under IFRS 9 (1 April 2018)	175,514

#### iv. Classification of financial assets and financial liabilities on the date of initial application of IFRS 9

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the group's financial assets and financial liabilities as at 1 April 2018:

Group	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 (\$'000)	New carrying amount under IFRS 9 (\$'000)
<b>Financial assets</b>					
Cash on hand and at bank	23	Loans and receivables	Amortised cost	48,283	48,283
Trade and other receivables, excluding prepayments	22	Loans and receivables	Amortised cost	132,657	132,439
Other investments	21	Held to maturity	Amortised cost	56,534	56,534
<b>Total financial assets</b>				<b>237,474</b>	<b>237,256</b>
<b>Financial liabilities</b>					
Trade and other payables	28	Other financial liabilities	Other financial liabilities	117,205	117,205
Borrowings	26	Other financial liabilities	Other financial liabilities	152,639	152,639
Leases	26	Other financial liabilities	Other financial liabilities	367	367
Finance lease liabilities - IRU Network Capacity	25	Other financial liabilities	Other financial liabilities	252	252
<b>Total financial liabilities</b>				<b>270,463</b>	<b>270,463</b>

The group's accounting policies on the classification of financial instruments under IFRS 9 are set out in note 3.17. The application of these policies resulted in the reclassifications set out in the table above and explained below:

- Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost.
- Debt securities that were previously classified as held-to-maturity are now classified at amortised cost. The group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 2. BASIS OF PREPARATION (CONT'D)

#### c) Changes in accounting policies (cont'd)

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 April 2018:

	IAS 39 carrying amount at 31 March 2018 (\$'000) (\$)	Re- Classification (\$'000) (\$)	Re- measurement (\$'000) (\$)	IFRS 9 carrying amount at 1 April 2018 (\$'000) (\$)
<b>Financial assets</b>				
<b>Amortised cost</b>				
Cash on hand and at bank	48,283	-	-	-
Brought forward: Loans and receivables	-	-	-	-
Carried forward: Amortised cost	-	-	-	48,283
Trade and other receivables	132,657	-	-	-
Brought forward: Loans and receivables	-	-	-	-
Re-measurement	-	-	(218)	-
Carried forward: Amortised cost	-	-	-	132,439
Other investments	56,534	-	-	-
Brought forward: Held to maturity	-	-	-	-
Carried forward: Amortised cost	-	-	-	56,534
<b>Total amortised cost</b>	<b>237,474</b>	<b>-</b>	<b>(218)</b>	<b>237,256</b>

The following table reconciles the closing impairment allowance for financial assets in accordance with IAS 39 as at 31 March 2018 to the opening ECL allowance determined in accordance with IFRS 9 as at 1 April 2018.

	31 March 2018 (IAS 39) (\$'000)	Re- Classification (\$'000)	Re- measurement (\$'000)	1 April 2018 (IFRS 9) (\$'000)
Loans and receivables under IAS 39 / financial assets at amortised cost under IFRS 9	16,103	-	218	16,321

#### B. IFRS 15 - Revenue from Contracts with Customers

The group adopted IFRS 15 *Revenue from Contracts with Customers* issued in May 2014 with a date of initial application of 1 April 2018. As a result, the group has changed its accounting policy for revenue recognition as detailed below.

The group applied IFRS 15 using the cumulative effect method - i.e. by recognising the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at 1 April 2018. Therefore, the comparative information has not been restated and continues to be reported under IAS 18.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 2. BASIS OF PREPARATION (CONT'D)

#### c) Changes in accounting policies (cont'd)

The following table summarises the impact of transition to IFRS 15 on retained earnings of the group as at 1 April 2018:

Retained Earnings of the equity holders of the holding company	Amount (\$'000)
Closing balance under IAS 18 - Restated	175,689
Recognition of revenue from contracts with customers, net of tax	636
Opening balance under IFRS 15 (1 April 2018)	176,325

Non- Controlling interest	Amount (\$'000)
Closing balance under IAS 18	59,106
Recognition of revenue from contracts with customers, net of tax	633
Opening balance under IFRS 15 (1 April 2018)	59,739

The following table provides information about contract assets / liabilities from contracts with customers, net on 1 April 2018 for the group.

	1 April 2018 \$'000
Contract assets	2,275
Contract liabilities	(658)
Contract assets, net	<u>1,617</u>

#### C. IFRS 16 - Leases

The group, except for Bluesky group and Digitec group, has early adopted IFRS 16 Leases with a date of initial application of 1 April 2018. The likely impact of inconsistent accounting policies across the group due to non-early adoption of IFRS 16 by Bluesky group and Digitec group to the financial results and equity of the group is expected to be not significant. As a result, the group has changed its accounting policy for lease contracts as detailed below.

The group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2018. The details of the changes in accounting policies are disclosed below.

##### i. Definition of a lease

Previously, the group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the group assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 3.7.

On transition to IFRS 16, the group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 April 2018.

##### ii. As a lessee

As a lessee, the group previously classified leases as operating lease or finance lease based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset. Under IFRS 16, the group recognises right of use assets and lease liabilities for all leases except for short term leases- i.e. these leases are on the statement of financial position.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 2. BASIS OF PREPARATION (CONT'D)

#### c) Changes in accounting policies (cont'd)

For leases of other assets, which were classified as operating under IAS 17, the group recognised right of use assets and lease liabilities with date of initial application of 1 April 2018.

#### Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the group companies incremental borrowing rate as at 1 April 2018. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Excluded initial direct costs from measuring the right of use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease

#### iii. As a lessor

The group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease.

Under IFRS 16, the group is required to assess the classification of a sub-lease with reference to the right-of-use asset, not the underlying asset. On transition, the companies in the group reassessed the classification of a sub-lease contract previously classified as an operating lease under IAS 17. The companies in the group concluded that the sub-lease continues to be classified as operating lease under IFRS 16 and thus there has been no impact on transition to IFRS 16 in relation to sub-lease.

#### iv. Impacts on financial statements

On transition to IFRS 16, the group recognised an additional \$23.5 million of right-of-use assets and \$14.2 million of lease liabilities respectively, refer note 17. When measuring lease liabilities, the group discounted lease payments using its incremental borrowing rate at 1 April 2018. The weighted-average rate applied ranges from 3.85% to 7%.

	\$'000
Operating lease commitment at 31 March 2018 as disclosed in the group's financial statements	51,871
Leases with variable lease payments or no rental agreements	(21,404)
Extension and termination clauses reasonably certain to be exercised	14,748
Other operating and maintenance expenditure commitment included as part of operating leases	(2,789)
Short term and low value leases excluded	(7,525)
	<u>34,901</u>
Discounted using the incremental borrowing rate at 1 April 2018	(20,658)
Lease liabilities recognised at 1 April 2018 (note 17)	<u>14,243</u>

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 2. BASIS OF PREPARATION (CONT'D)

#### c) Changes in accounting policies (cont'd)

**New standards, amendments, annual improvements and interpretation that have been issued but are not mandatorily effective as at 31 March 2019**

Certain new standards, amendments, annual improvements and interpretation which are not yet mandatorily effective and have not been adopted early in these financial statements, will or may have an effect on the group's future financial statements. The group intends to adopt these standards, amendments, annual improvements and interpretation if applicable, when they become effective or otherwise implemented by the parent.

#### d) Basis of consolidation

##### *Subsidiaries*

The consolidated financial statements incorporate the financial statements of all the companies that comprises the group. A list of subsidiary companies appears in note 34 to the financial statements.

Control is achieved when the holding company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

When the holding company has less than the majority of the voting rights of an investee, it has power over the investee when the voting rights are structured in the manner sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The holding company considers all relevant facts and circumstances in assessing whether or not the holding company's voting rights in an investee are sufficient to give it power, including:

- the size of the holding company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the holding company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the holding company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary company occurs when the holding company has been determined to exert control over the subsidiary company and ceases when the holding company has been determined not to be able to exert control of the subsidiary company.

The acquisition method of accounting is used to account for the acquisition of subsidiary companies by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of the exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests. The excess of the cost of the acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill.

If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the group's statement of profit or loss as gain on bargain purchase.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 2. BASIS OF PREPARATION (CONT'D)

#### d) Basis of consolidation (Cont'd)

Changes in the holding company's ownership interest in a subsidiary company that does not result in the holding company losing control of the subsidiary company are equity transactions (i.e. transactions with owners in their capacity as owners) and accordingly reflected directly in the statement of changes in equity of the group.

The group derecognises the assets and liabilities of the former subsidiary (including goodwill) from the group's statement of financial position upon loss of control over a subsidiary company effective from the date the group loses its control. Furthermore, the resulting gain or loss associated with the loss of control attributable to the former controlling interest is recognised in the statement of profit or loss.

Inter-company transactions, balances and unrealised gains or losses on transactions between group companies are eliminated.

The financial statements of subsidiary companies are prepared in compliance with group's accounting policies, except for long service leave, retirement benefits (refer note 3.23) and initial applicable of IFRS 16 - leases.

The financial statements of Amalgamated Telecom Nominees Limited have not been incorporated in the consolidated financial statements for the reasons stated in note 34.

#### **Associates**

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The group's share of its associates' post-acquisition profits or losses is recognised in the statement of profit or loss, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

When an investment ceases to be an associate, the fair value of the investment at the date when it ceases to be an associate is regarded as its carrying value on initial recognition as financial asset.

On disposal of investment in associates, the difference between the net disposal proceeds and its carrying amount is included in the statement of profit or loss.

#### **Non-Controlling Interests**

The profit or loss and net assets of subsidiaries attributable to equity interests that are not owned by the parent, directly or indirectly through subsidiaries, are disclosed separately under the heading 'Non-Controlling Interest'.

The group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the group. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 2. BASIS OF PREPARATION (CONT'D)

#### e) Presentation and functional currency

The consolidated financial statements are presented in Fiji Dollars (FJD), the group's functional and presentation currency, which is the primary economic environment in which the holding company operates. Each entity in the group uses the currency of the primary economic environment in which they operate as their functional currency.

Amounts are rounded to the nearest thousand (\$'000), unless otherwise stated.

#### f) Comparatives

Where necessary, comparative figures have been re-grouped to conform with changes in presentation in the current year. Also, prior year balances have been restated in relation to reversal of a fair value gain upon disposal of a property of Telecom Vanuatu Limited. In prior year, the value of property, plant and equipment at group level included an increment of \$6,860,790 as part of allocation of purchase consideration upon acquisition of subsidiary company, Telecom Vanuatu Limited. However, this property was disposed during March 2018. Accordingly, fair value gain included in property, plant and equipment for the year ended 31 March 2018 has been reversed.

#### g) Effect of restatement

The effect of restatement as a result of reversal of fair value gain upon disposal is summarised below.

#### Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 March 2018

Financial Statement line item	Note	As previously reported \$'000	Adjustment \$'000	Restated \$'000
Gain / (loss) on disposal of assets, net	8	4,946	(6,861)	(1,915)
Profit for the year after tax		96,648	(6,861)	89,787

#### Statement of Financial Position as at 31 March 2018

Financial Statement line item	Note	As previously reported \$'000	Adjustment \$'000	Restated \$'000
Property, Plant and Equipment	14	357,437	(6,861)	350,576

Refer note 2(f) above for further details.

### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 3.1 Revenue recognition

The group applied IFRS 15 retrospectively using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under IAS 18.

The group recognises revenue from selling goods or services to customers at an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. Revenue is recognised at an amount that reflects the consideration that the group is expected to be entitled to in exchange for transferring goods or services to a customer, using a five-step model for each revenue stream as prescribed in IFRS 15. The five-step model is as follows:

- Identification of the contract;
- Identification of separate performance obligations for each good or service;
- Determination of the transaction price;
- Allocation of the price to performance obligations; and
- Recognition of revenue.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.1 Revenue recognition (cont'd)

The group principally generates revenue from providing telecommunication services which include fixed line, mobile and internet communication services, M-PAiSA services, sale of telecommunications related equipment, sale of computer hardware and software, technical support services, compilation and publication of the Fiji Telephone Directory and provision of call centre services.

Revenue recognition with respect to the group's specific business activities are as follows:

Products and services	Nature, timing of satisfaction of performance obligations and significant payment terms
Mobile telecommunication services	<p>Revenue for voice and video calls, messaging and mobile data provided to customers is recognised as services are performed, with unearned revenue from services to be provided in future periods deferred.</p> <p>Revenue from prepaid products and fixed monthly charges billed in advance is deferred and recognised as revenue either once the related service has been provided or when the product date has expired, whichever falls earlier.</p> <p>Revenue from interconnect fees is recognised at the time the services are performed.</p> <p>Revenue from installation, connection and associated costs are recognised upon completion of the installation or connection.</p> <p>Revenue from international public and dedicated telecommunications services is recognised upon the use of service by the customers.</p> <p>There is no major change to revenue recognition and measurement under IFRS 15 on transition.</p>
Bundled Packages	<p>For bundled packages, the group accounts for individual products and services separately if they are distinct - i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it.</p> <p>The consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the group sells the mobile devices and mobile telecommunication services.</p> <p>Under IAS 18, the group limited revenue for mobile devices to the amount that was not contingent on the provision of future mobile telecommunication services. This was typically the amount received from the customer on signing the contract.</p>
M-PAiSA	<p>M-PAiSA is a service allowing customers to transfer money using a mobile phone. M-PAiSA is available to all Vodafone subscribers.</p> <p>Revenue from this service is earned from transfers and withdrawal transactions performed by customers. A tariff that is generated depending on the funds being transacted is applied on all transactions which cumulatively are reported as M-PAiSA transaction commission revenue.</p> <p>There is no major change to revenue recognition and measurement under IFRS 15 on transition.</p>
Promotions and gaming revenue	<p>Revenue from airtime and gaming services is recognised when earned.</p> <p>There is no major change to revenue recognition and measurement under IFRS 15 on transition.</p>

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.1 Revenue recognition (cont'd)

Products and services	Nature, timing of satisfaction of performance obligations and significant payment terms
Sale of computer hardware, software, mobile devices and terminals	<p>Sale of computer hardware and software which are not part of any bundled package are recognised when a group entity has delivered products to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products.</p> <p>Sale of devices and terminals which are not part of any bundled package is recognised when a group entities sells them to the customer. Revenue is recognised at the point the devices and terminals is dispatched from the warehouse to the customer or sold at a group's retail outlet.</p> <p>Under IFRS 15, revenue from installation services are recognized over the term of contract where the services are not deemed to be a separate performance obligation and the fees do not convey a material right.</p> <p>There is no major change to revenue recognition and measurement under IFRS 15 on transition.</p>
Sale of technical support services	<p>Revenue from technical support and software development services is generally recognised based on the performance obligations completed to-date.</p> <p>There is no major change to revenue recognition and measurement under IFRS 15 on transition.</p>
E Transport	<p>The group ventured into e-transport business and earns commission revenue as a percentage of the bus revenue from the bus operators.</p> <p>The group also charges for any telemetry and equipment insurance to the bus operators.</p> <p>There is no major change to revenue recognition and measurement under IFRS 15 on transition.</p>
Published and on-line directory	<p>Revenue is recognised upon dispatch of the directories for distribution. Advance billings and monies collected in advance are deferred. Costs including overhead expenses incurred in relation to securing advertisements and in the publication of the directories are also deferred until the associated revenues are recognised.</p> <p>Revenue from contracts in relation to online directory is recognised over the term of the contract.</p>
Sale of broadband capacity	<p>Revenue from sale of broadband capacity is recognised over time by measuring the progress toward complete satisfaction of its performance obligation to deliver services.</p> <p>The group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (eg, warranties, customer loyalty points). In determining the transaction price for the sale of broadband capacity, the group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).</p>

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.1 Revenue recognition (cont'd)

Products and services	Nature, timing of satisfaction of performance obligations and significant payment terms
Subscription revenue	Revenue from subscription television services is initially deferred and is recognised as revenue in the period(s) that the related services is provided to subscribers.
Dividend Income	Dividend income from investment is recognised when the shareholder's right to receive payment is established.
Interest and other income	Interest income and other income is recognised in the statement of profit or loss and brought to account on an accrual basis.

#### 3.2 Contract balance

##### *Contract assets*

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

##### *Contract liabilities*

A contract liability is the obligation to transfer goods or services to a customer for which the group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the group performs under the contract.

#### 3.3 Expenditure recognition

Expenses are recognised in the profit or loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of operational service has been charged to the statement of profit or loss.

For the purpose of presentation of the statement of profit or loss and other comprehensive income, the "nature of expenses" method has been adopted, on the basis that it fairly presents the elements of the group's performance.

#### 3.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to be ready for their intended use or sale, are added to the cost of those assets, until such time as those assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the statement of profit or loss in the period in which they are incurred.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.5 Dividend distribution

Dividend distribution to the holding company's shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividend is declared (or provided) by the holding company's directors.

Dividend distribution to the non-controlling shareholders of subsidiary companies is recognised as a liability in the consolidated financial statements in the period in which the dividend is declared by the relevant subsidiary companies' directors.

#### 3.6 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition and installation of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of a replaced part is de-recognised. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Cost of leasehold land includes the initial premium payment or price paid to acquire leasehold land including acquisition costs.

Freehold land is not depreciated.

Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

The annual depreciation rates are as follows:

	Terms of leases
- Leasehold lands	2.5% - 10%
- Leasehold buildings and improvements	6% - 20%
- Exchange plant and telecommunication infrastructure	5% - 10%
- Subscriber equipment	6% - 10%
- Trunk network plant	6% - 25%
- Plant and machinery	10% - 33%
- Equipment rental	12.5% - 25%
- Motor vehicles	10% - 25%
- Furniture, fittings and office equipment	10% - 35%
- Computer equipment	

Where estimated useful lives or recoverable values have diminished due to technological change or market conditions, depreciation is accelerated. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are taken into account in determining the results for the year.

Capital work in progress principally relates to costs and expenses incurred for capital works in the nature of property, plant and equipment. Capital work in progress is stated at historical cost and is not depreciated.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.7 Leases

The group, except for Bluesky group and Digitec group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16.

#### Policy applicable from 1 April 2018

At inception of a contract, the group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the group has the right to direct the use of the asset. The group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the group has the right to direct the use of the asset if either:
  - the group has the right to operate the asset; or
  - the group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 April 2018. At inception or on reassessment of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

#### Policy applicable as a lessee

The group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Generally, the group uses its incremental borrowing rate as the discount rate.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.7 Leases (cont'd)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the group is reasonably certain to exercise, lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, or if the group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### Short-term leases and leases of low-value assets

The group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Assets held under other leases were classified as operating leases and were not recognised in the group and the group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

#### *IRU network capacity*

The subsidiary company, Telecom Fiji Pte Limited, had acquired infeasible rights to use (IRU) network capacity in Southern Cross Cables. As a result, the subsidiary company entered into an agreement with Optus Networks Pty Limited to lease IRU network capacity for a period of 3 years (for IP Transit) and 12 years (for STM-1 and STM-4) via Australia and USA links. The acquisition price is recognised at cost less accumulated amortisation and impairment losses. The subsidiary company has also been entering into an agreement with Optus Network Pty Limited annually for IP Transit.

During the year, the subsidiary company upgraded to 5G IP transit link for a period of 3 years amounting to \$1,457,224 (at USD 16,081 per month plus withholding taxes). This is amortised over a period of 3 years which expires on 30 June 2021.

The subsidiary company, Fiji International Telecommunications Pte Limited, had also acquired infeasible rights to use (IRU) network capacity in Southern Cross Cables. As a result, the subsidiary company entered into an agreement with Southern Cross Cables Limited to lease IRU network capacity for a period of 3 to 15 years via Australia and USA links. On 20 January 2015, the Southern Cross Cables Limited extended the commercial life of the Southern Cross Cables by a period of 5 years, extending until 2030.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.7 Leases (cont'd)

The IRU network capacity is recorded at cost less accumulated amortisation and impairment losses.

The IRU network capacities are amortised over their estimated economic useful lives, as follows:

	<u>Australia Link</u>	<u>USA Link</u>
- IP Transit	100%	100%
- STM-1	6% - 7%	6% - 7%
- STM-4	6% - 7%	6% - 7%

The estimated economic useful lives of the IRU network capacities are reviewed, and adjusted if appropriate, at each balance date.

IRU network capacity is now recorded as Right of Use assets under IFRS 16.

#### Policy applicable as a lessor

When the group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the group applies IFRS 15 to allocate the consideration in the contract.

The group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The accounting policies applicable to the group as a lessor in the comparative period were not different from IFRS 16. However, when the group was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

#### Policy applicable before 1 April 2018

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### *Group as Lessor*

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.7 Leases (cont'd)

##### *Group as Lessee*

Assets held under finance leases are included as intangible assets and are initially recognised at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as IRU lease liabilities. IRU assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### 3.8 Intangible assets

##### *a) Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiary companies is included in 'intangible assets'. Goodwill on acquisition of associates is included in 'investments in associates' and is tested for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

##### *b) Computer software*

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives; generally over two to five years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense when incurred. Costs directly associated with the development of identifiable and unique software products controlled by the group, and generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include the software development, employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives.

##### *c) Spectrum licences*

Spectrum licences are capitalised on the basis of the costs incurred to acquire the licences. The licences are capable of being used as at the date of purchase, but cannot be used until the associated network assets necessary are available for use. Amortisation of the licences commence when the associated network assets are deployed and economic benefits are derived. The licences are amortised over shorter of the remaining licence rights and their estimated economic useful lives.

The amortisation expense on intangible assets is recognised in the statement of profit or loss in the expenses category consistent with the function of the intangible assets.

The amortisation period and the amortised method for an intangible asset is reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.9 Business combination and goodwill

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the group.

For every business combination, the group identifies the acquirer, which is the combining entity that obtains control of the other combining entities of businesses. Control is established by the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the group takes into consideration potential voting rights that currently are exercisable. The acquisition date and determining whether control is transferred from one party to another.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values of the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement profit or loss.

The group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. If the cost of the acquisition is less than the group's share of the fair value of the identifiable net assets of the acquiree, the difference is recognised directly in statement of profit or loss, but only after a reassessment of the identification and measurement of the net assets acquired.

The fair value of the identifiable net assets is based on valuations performed by independent experts.

Consideration transferred includes the fair value of the assets transferred and liabilities incurred by the group to the previous owners of the acquiree. Consideration transferred also includes the fair value of any contingent consideration.

Transactions costs, other than those associated with the issue of debt or equity securities that the group incurs in connection with a business combination are expensed as incurred.

#### 3.10 Foreign currency translation

##### a) *Transactions and balances*

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at balance date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognised in the statement of profit or loss in the period in which they arise.

##### b) *Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisitions, are translated to the functional currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Fijian dollars at exchange rates at the dates of the transactions.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.10 Foreign currency translation (cont'd)

##### *b) Foreign operations (cont'd)*

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity. If the foreign operations is a non-wholly-owned subsidiary, then the relevant proportion of the translation difference is allocated to the non-controlling interest.

When a foreign operation is disposed of it's entirely or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to the foreign operation is reclassified to statement of profit or loss as part of the gain or loss on disposal. If the Group disposes part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the group disposes only part of an associate or joint venture while retaining significant influence or joint control the relevant proportion of the cumulative amount is reclassified to statement of profit or loss.

#### 3.11 Impairment of non-financial assets

At each balance date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit or loss immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 3.12 Government grants

Government grants are recognised in the statement of financial position initially as deferred income where there is reasonable assurance that they will be received and that the group will comply with the conditions attached to them. Grants that compensate the group for expenses incurred are recognised as revenue in the statement of profit or loss on a systematic basis in the same period in which the expenses are incurred. Grants that compensate the group for the cost of an asset are recognised in the statement of profit or loss as revenue on a systematic basis over the useful life of the asset.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.13 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

##### *Deferred tax*

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements, and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable profit nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the assets and liabilities giving rise to them are realised or settled, based on tax rates and tax laws that have been enacted or substantively enacted by reporting date. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

##### *Current and deferred tax for the year*

Current and deferred tax is recognised as an expense or income in the statement of profit or loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

#### 3.14 Value Added Tax (VAT)

Revenues, expenses, assets and liabilities are recognised net of the amount of Value Added Tax (VAT), except:

- (a) where the amount of VAT incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (b) for receivables and payables which are recognised inclusive of VAT.

The amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

The VAT component of cash flows arising from operating and investing activities which is recoverable from or payable to, the taxation authority is classified as part of operating cash flows.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.15 Non-current assets held for sale and discontinued operations

The group classifies non-current assets (and disposal groups) as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Non-current assets (and disposal groups) classified as held for sale are measured, with certain exceptions, at the lower of carrying amount and fair value less costs to sell.

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for such a sale and the sale is highly probable. The sale of the asset (or disposal group) must be expected to be completed within one year from the date of classification, except in the circumstances where sale is delayed by events or circumstances outside the group's control and the group remains committed to a sale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss. Property, plant and equipment and intangible assets once classified as held for sale/distribution to owners are not depreciated or amortised.

#### 3.16 Inventories

Inventories comprise of merchandise, computer hardware, spares, accessories and other consumables, and are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

The cost incurred in acquiring the inventories and bringing them to their existing location and condition are accounted using the following formulae:

- i) Merchandise and other consumables - at cost on first-in-first-out basis.
- ii) Computer hardware, spares, accessories and other consumables - at cost on weighted average basis.

Provisions for inventory obsolescence are recorded based on reviews of inventories. Inventories considered obsolete or un-saleable are written off in the year in which they are identified.

#### 3.17 Financial instruments

##### i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.17 Financial instruments (cont'd)

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### Financial assets: Business model assessment - Policy applicable from 1 April 2018

The group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.17 Financial instruments (cont'd)

##### ii) Classification and subsequent measurement (cont'd)

#### **Financial assets: Business model assessment - Policy applicable from 1 April 2018 (Cont'd)**

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

#### ***Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest - Policy applicable from 1 April 2018***

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the group considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable rate features;
- Prepayment and extension features; and
- Terms that limit the group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

#### ***Financial assets: Reclassifications- Policy applicable from 1 April 2018***

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the group changes its business model for managing financial assets.

#### ***Financial assets: Subsequent measurement and gains and losses - Policy applicable from 1 April 2018***

##### *Financial assets at amortised cost*

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit or loss. Any gain or loss on derecognition is recognised in statement of profit or loss.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.17 Financial instruments (cont'd)

##### *Equity investments at FVOCI*

These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to statement of profit or loss.

##### *Financial assets at FVTPL*

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit or loss.

##### *Debt investments at FVOCI*

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit or loss.

#### **Financial assets - Policy applicable before 1 April 2018**

The group classified its financial assets in the following categories: loans and receivables, held-to-maturity investments and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determined the classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis. Purchases and sales of investments are recognised on the trade date, which is the date the group commits to purchases or sell the asset. Cost of purchase includes transaction costs.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs.

The loans and receivables of the group includes cash in hand and at bank and trade and other receivables.

##### *Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs.

The held to maturity investments of the group include investment in government stock and short term deposits with banks.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.17 Financial instruments (cont'd)

##### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date. Equity investments not held for trading are classified under this category.

These investments are initially recognized at fair value plus transaction costs. Subsequent to initial recognition, fair value changes are recognized in other comprehensive income under investment revaluation reserve until the investment is sold or impaired, whereupon the cumulative gains and losses previously recognized in other comprehensive income are reclassified to statement of profit or loss as a reclassification adjustment.

Dividend on available-for-sale financial assets is recognised in the statements of profit or loss as part of income when the group's right to receive payment is established.

In prior year, the available-for-sale financial assets of the group included investments in Bluesky Pacific Holding Limited which are explained in note 18 (b).

##### **Financial liabilities: Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPTL are measured at fair value and net gains and losses including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

##### **ii) Derecognition**

###### *Financial assets*

The group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

###### **Financial liabilities**

The group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in statement of profit or loss.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.17 Financial instruments (cont'd)

##### iii) Modifications of financial assets

If the terms of a financial asset are modified, the group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

##### Policy applicable from 1 April 2018

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in statement of profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income (refer note 3.19).

##### Policy applicable before 1 April 2018

If the terms of a financial asset were modified because of financial difficulties of the borrower and the asset was not derecognised, then impairment of the asset was measured using the pre-modification interest rate.

##### iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### 3.18 Impairment of financial assets

##### Policy applicable from 1 April 2018

The group recognises loss allowances for ECLs on financial assets measured at amortised cost. No impairment loss is recognised on equity investment.

The group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the group's historical experience and informed credit assessment and including forward-looking information.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.18 Impairment of financial assets (cont'd)

The group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the group in full, without recourse by the group to actions such as realising security (if any is held); or
- the financial asset is more than 30 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the group is exposed to credit risk.

#### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive); and
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

ECLs are discounted at the effective interest rate of the financial asset.

#### *Credit-impaired financial assets*

At each reporting date, the group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the group on terms that the group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

#### *Presentation of allowance for ECL in the statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the asset.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.18 Impairment of financial assets (cont'd)

##### *Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the group's procedures for recovery of amounts due.

##### **Policy applicable before 1 April 2018**

The group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

An allowance for impairment of receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in statement of profit or loss as part of provision for doubtful debts. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against allowance for impairment loss in statement of profit or loss. The group establishes an allowance for any impairment loss based on a review of all outstanding amounts.

#### 3.19 Finance income and finance costs

The group's finance income and finance costs include:

- bank and loan administration charges;
- Interest expense on borrowings;
- impairment losses (and reversals) on investments in debt securities carried at amortised cost; and
- Interest expense on lease liabilities.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.20 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the group has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. If an asset or a liability measured at fair value has a bid price and an ask price, then the group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in statement of profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

#### 3.21 Cash and cash equivalents

For the purpose of statements of cash flows, cash and cash equivalents include cash on hand, cash in banks; and short term deposits with banks, net of outstanding bank overdrafts. Bank overdrafts are included within borrowings in current liabilities in the statements of financial position.

#### 3.22 Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

#### 3.23 Employee benefits

##### *Wages and salaries*

Liabilities for wages and salaries expected to be settled within 12 months of the balance date are accrued up to the balance date.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.23 Employee benefits (cont'd)

##### *Annual leave and sick leave*

Liability for annual leave is recognized in the provision for employee entitlements. Liabilities for annual leave are expected to be settled within 12 months of the balance date and are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates prevailing at that time.

##### *Long service leave and retirement benefits*

Liability for long service leave is recognised in the provision for employee entitlements and measured at the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the balance date on government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Liability for retirement benefits is recognised in the provision for employee entitlements and measured at the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, periods of service and probability of pay-out. Expected future payments are discounted using market yields at the balance date on government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

##### *Bonus plans*

The group pays bonuses to employees based on the achievement of individual objectives by the employees and performance of the respective subsidiary companies. The group recognises a provision where contractually obliged or where there is a past practice, subject to performance evaluation.

##### *Termination benefits*

The group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a formal plan without the possibility of withdrawal or providing termination benefits as a result for an offer made for redundancy. Benefits falling due more than 12 months of the balance date are disclosed at the present value.

##### *Defined contribution plans*

Contributions to Provident Fund are expensed when incurred.

#### 3.24 Earnings per share

##### *Basic earnings per share*

Basic earnings per share (EPS) is determined by dividing net profit or loss after income tax attributable to members of the holding company by the weighted average number of ordinary shares during the year.

##### *Diluted earnings per share*

Diluted EPS is the same as the basic EPS as there are no ordinary shares which are considered dilutive.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.25 Segment reporting

##### Operating Segments

An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other operating segments.

For reporting purposes, the group considers itself to be operating predominantly in the telecommunications industry and revenue from other sources are not material.

The group has disclosed three reportable operating segments as follows:

Fixed line telecommunications ("Fixed Line Telecom") segment includes all fixed line telecommunication services including the sale or lease of telecommunications related office equipment, accessories and services including prepaid telephony and card services;

Mobile telecommunications ("Mobile Telecom") segment includes all mobile telecommunication services including the sale of associated equipment, accessories and services;

Other segment comprises of provisions of international public and dedicated telecommunications, data and internet services, sale of computer hardware and software, provision of technical support services and directory services.

The accounting policies adopted for segment reporting are the same accounting policies adopted for preparing and presenting consolidated financial statements of the group.

##### Geographical segment

A geographical segment constitutes the provision of products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

The holding company and four subsidiary companies operates in Fiji while its other subsidiary companies operates in Kiribati, Vanuatu, American Samoa, Samoa, Cook Islands, New Zealand (non-operating), United States of America, Papua New Guinea, Singapore and Australia.

The segment reporting has been disclosed under note 36.

#### 3.26 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### NOTE 4. RISK MANAGEMENT

#### 4.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out by executive management. Executive management identifies, evaluates and monitors financial risks in close co-operation with the operating units.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 4. FINANCIAL RISK MANAGEMENT

#### 4.1 Financial risk factors (cont'd)

##### a) Market risk

Market risk is the risk that is subject to changes in market prices, such as foreign exchange rates and interest rate that affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimising the return on risk.

Unfavourable changes to duty and tax regulations may expose the group to a decline in revenues. The group operates in Fiji, Republic of Kiribati, Republic of Vanuatu, American Samoa, Samoa, Cook Islands, United States of America, New Zealand (non-operating), Papua New Guinea, Singapore and Australia and changes to respective government's policies therefore affect the economic situation and ultimately the revenue of the group. To address this, the group reviews its pricing and product range regularly and responds appropriately to these changes.

##### i) Foreign exchange risk

The group largely procures most of its telecommunication equipment and supplies from overseas and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and Euro. Foreign exchange risk arises from future commercial transactions and recognised liabilities.

Management has set up a policy that requires the group companies to manage its foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency other than the Fiji dollar. For significant settlements, the group companies seek quotations from recognised banks and use the most favourable exchange rate for settlement purposes.

As at year end, liabilities denominated in foreign currencies are significant and hence changes in the US dollar and Euro by 10% (increase or decrease) are expected to have a significant impact on the net profit and equity balances currently reflected in the group's financial statements.

The carrying amount of the group's significant foreign currency denominated monetary liabilities at the end of balance date are as follows:

	2019 F\$'000	2018 F\$'000
US Dollars	167,980	89,396
Euro	17,494	12,540

Further, the following table details the group's sensitivity to a 10% increase and decrease in the Fiji dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel which also represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only significant outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. If the FJD strengthen/weaken by 10% against the USD and the Euro with all other variables held constant, pre-tax profit impact is as follows:

	Profit or (loss) 2019		Profit or (loss) 2018	
	Strengthen F\$'000	Weaken F\$'000	Strengthen F\$'000	Weaken F\$'000
US Dollars	15,258	(18,646)	8,127	(9,932)
Euro	1,590	(1,944)	1,140	(1,393)

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 15. BUSINESS COMBINATIONS (CONT'D)

#### a) Acquisition of Bluesky Group (Cont'd)

The goodwill arising on the acquisition is primarily attributable to two key factors; namely the cash generating ability of the businesses being acquired and the synergies expected to be achieved by the ATH Group from integrating Bluesky.

From an acquisition perspective, while there are many ways to value a business, especially businesses that are going concerns and generating good profits and cash flows, the primary valuation methods used in arriving at an acquisition price will typically be based on a discounted cash flow of either free cash or free cash to equity, and a multiple of future maintainable earnings rather than the net tangible asset backing of the businesses. Unlike the prior acquisitions of Amalgamated Telecom Holdings (Kiribati) Limited's assets and Telecom Vanuatu Limited where these were marginal performing entities, the Bluesky group was generating reasonably good profits and cash flows hence the later relative amount of goodwill when compared to previous acquisition.

For the year ended 31 March 2019, Bluesky group of companies contributed revenue of USD 15.25m and EBITDA of USD 5.69m to the group's results for the 3 months post acquisition.

Furthermore, there has been impressive growth in the Bluesky group from the time the initial valuation was done in 2016 whereby the EBITDA was locked at USD 24.6M on which an acquisition multiple was applied on to compute the group valuation. From the Bluesky group results as at December 2018, it is positive sign that there has been growth in the EBITDA by USD 4.71M, that is, about 20.6% improvement since the time the valuations were conducted. High level forecasts indicate that the Bluesky group expects to defend its strong market share in the Cook Islands and American Samoa while pushing to increase market share in Samoa in the near term.

In terms of synergies, recently implemented initiatives such as international voice and roaming consolidation of traffic across the group, new bandwidth price reductions secured from providers and capital expenditure price reductions are already expected to deliver improvement in income contributions.

#### b) Acquisition of Digitec Group

During the year, ATH completed the acquisition of the Digitec group, an ICT provider in PNG, Singapore and Australia.

The acquisition is a strategic to ATH's existing businesses and are highly complementary for a number of reasons, including their respective market positioning and geographic presence, and should deliver scale benefits for the combined group. Digitec group also has acquired mobile licence and spectrum in PNG.

The acquisition was implemented through a transaction where ATH acquired a 70% controlling interest in the Digitec Group.

Upon receiving the requisite approvals, the acquisition was effective on the date of change of control, which was 1 January 2019, and was completed when the initial consideration was transferred to Austel (vendor) on 14 February 2019. The consideration was 100% cash consideration of approximately FJD28.49m.

On 7 December 2018, the holding company, Amalgamated Telecom Holdings Limited (ATH) incorporated fully owned subsidiary company, ATH International Venture Pte Limited in Singapore.

The fair values of the identifiable assets and liabilities of Digitec Group at the date of acquisition were (for recording of transaction and for the purpose of calculation of goodwill, 1 January 2019 was assumed to be the effective date of transaction):

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

#### 4.1 Financial risk factors (cont'd)

##### b) Credit risk (cont'd)

Impairment losses on financial assets recognised in statement of profit or loss were as follows.

	2019 (\$'000)
Impairment loss on trade and other receivables	338
Reversal of impairment on trade and other receivables	(925)
Reversal of impairment on trade and other receivables, net	(587)

#### Trade and other receivables

*Expected credit loss assessment for trade and other receivables as at 1 April 2018 and 31 March 2019*

The group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

The following table provides information about the group's exposure to credit risk and ECLs for Trade receivables from individual customers as at 31 March 2019:

	Weighted- average loss rate	Gross Carrying amount (\$'000)	Loss allowance (\$'000)	Credit Impaired (\$'000)
<b>31 March 2019</b>				
Current (not past due)	7.5%	46,419	3,487	42,932
30 days past due	9.34%	13,427	1,254	12,173
60 days past due	11.82%	7,168	847	6,321
More than 90 days past due	34.01%	6,576	2,236	4,340
More than 120 days past due	52.85%	28,059	14,830	13,229
		101,649	22,654	78,995
Debtors specifically assessed		4,049	1,637	2,412
		105,698	24,291	81,407

Loss rates are based on actual credit loss experience over the past two years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the group's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast GDP.

#### *Movements in the allowance for impairment in respect of trade receivables*

The group's movement in the allowance for impairment in respect of trade receivables during the year was as follows. Comparative amounts for 31 March 2018 represent the allowance account for impairment losses under IAS 39.

	2019 \$'000	2018 \$'000
<b>Balance at 1 April per IAS 39</b>	16,103	19,143
Recognition upon business acquisition (note 22)	16,320	-
Adjustment on initial application of IFRS 9	218	-
<b>Balance at 1 April per IFRS 9</b>	32,641	19,143
Amounts written off	(7,763)	(5,678)
Allowance reversed	(925)	(42)
Net re-measurement of loss allowance	338	2,680
<b>Balance at 31 March</b>	24,291	16,103

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

#### 4.1 Financial risk factors (cont'd)

##### b) Credit risk (cont'd)

###### Cash on hand and at bank

The group held cash of \$76.7 million as at 31 March 2019 (2018: \$48.3 million). Cash is held with bank and financial institution counterparties, which have sound credit ratings. The group considers that its cash have low credit risk based on the external credit ratings of the counterparties. On initial application of IFRS 9, the group recognised \$Nil impairment allowance as at 1 April 2018.

###### Debt securities

The group limits its exposure to credit risk by investing only in liquid debt securities. The group monitors changes in credit risk by reviewing available press and regulatory information about issuers. Impairment on debt securities has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The group considers that its debt securities have low credit risk based on the available press and regulatory information about issuers. The group did not have any debt securities that were past due but not impaired at 31 March 2019.

An impairment allowance of \$Nil in respect of debt securities and advances as amortised cost was recognised as at 31 March 2019. The group has no collateral in respect of these investments.

###### Risk exposure

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts (without consideration of collateral, if available). Following table shows the maximum risk positions:

Group	2019 \$'000	% of Allocation	2018 \$'000	% of Allocation
Held-to-maturity investments (Note 21)	-	-	56,534	24%
Other investments (Note 21)	34,278	15%	-	-
Trade and other receivables (Note 22)	126,270	53%	134,529	56%
Cash at bank (Note 23)	76,776	32%	48,283	20%
Total credit exposure	237,324	100%	239,346	100%

##### c) Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting obligations for its liabilities. Prudent liquidity risk management requires maintaining sufficient cash and marketable securities to ensure availability of funding. The group monitors liquidity through rolling forecasts of the group's cash flow position and maintaining adequate funding arrangements. Also, reasonable portion of revenues are billed and collected in advance or generally within 30 days.

The table below analyses the group's liabilities into relevant maturity groupings based on the remaining period at the balance date against the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (excluding lease liabilities).

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 3 and 5 years \$'000	Over 5 years \$'000	Total \$'000
31 March 2019					
<b>Financial and other liabilities:</b>					
Trade and other payables (Note 28)	179,348	-	-	-	179,348
Provisions (Note 27)	19,323	583	-	-	19,906
Borrowings (Note 26)	41,587	31,435	86,691	178,581	338,294
	240,258	32,018	86,691	178,581	537,548

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

#### 4.1 Financial risk factors (cont'd)

##### c) Liquidity risk (cont'd)

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 3 and 5 years \$'000	Over 5 years \$'000	Total \$'000
31 March 2018					
<b>Financial and other liabilities:</b>					
Trade and other payables (Note 28)	93,526	-	-	-	93,526
Provisions (Note 27)	25,444	2,002	-	-	27,446
Borrowings (Note 26)	86,850	7,002	16,954	42,200	153,006
	205,820	9,004	16,954	42,200	273,978

#### 4.2 Other risks

##### a) Operational risk

Operational risk is the risk of loss arising from systems failure, human error, and fraud. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial crisis. The group cannot eliminate all operational risk, but through a control framework and by monitoring and responding to potential risks, the group is able to manage this risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment procedures.

##### b) Regulatory risk

The group's profitability can be significantly impacted by regulatory agencies which govern the telecommunication sector. Specifically, retail and wholesale prices are regulated by Fijian Competition and Consumer Commission and the group's operating environment is regulated by Telecommunications Authority of Fiji, Communications Commission of Kiribati, Telecommunications and Radio Communications Regulator of Vanuatu, National Information and Communications Technology Authority of Papua New Guinea, Office of the Regulator of Samoa, Government of the Cook Islands, Federal Communication Commission (FCC) of USA, the Governor of American Samoa, Infocomm Media Development Authority of Singapore and Australian Communications and Media Authority of Australia.

#### 4.3 Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and/or sell assets to reduce debt. The group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash on hand and at bank and short term deposits. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

	2019 \$'000	2018 Restated \$'000
The gearing ratios at 31 March 2019 and 2018 were as follows:		
Total borrowings (Note 26)	338,294	153,006
Less: Cash on hand and at bank	(76,776)	(48,283)
Less: Short term deposits	(3,500)	(5,000)
Net debt	258,018	99,723
Total equity	459,542	341,472
Total capital (Total equity plus Net debt)	717,560	441,195
Gearing ratio (Net debt / Total capital x 100)	36%	23%
Debt to equity ratio % (Net debt / Total equity)	56%	29%

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In application of the group's accounting policies, which are described in note 3, the directors and management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

The critical judgements and assumptions made in applying the accounting policies of the group have been disclosed under following notes to the financial statements:

Note 3.6 - Impairment of property, plant and equipment

Note 3.6 - Expected useful life of property, plant and equipment

Note 3.8 - Amortisation / impairment of intangible assets

Note 3.18 - Impairment of accounts receivable

Note 3.9 - Business combinations

Note 3.13 - Deferred tax liabilities

Note 3.16 - Provision for stock obsolescence

Note 3.7 - Leases

NOTE 6. REVENUE	2019 \$'000	2018 \$'000
Access fees	21,736	21,057
Call revenue	169,662	165,916
Computer hardware, software and technical support services revenue	31,962	21,644
Data network and internet revenue	187,918	157,591
Dividends income	271	-
Directory revenue	4,425	4,260
Equipment and ancillaries revenue	88,700	76,701
Gaming revenue	1,250	1,114
Other sales and services	18,026	12,133
Total revenue	<u>523,950</u>	<u>460,416</u>

### NOTE 7. DIRECT COSTS

Airtime and PSTN charges	71,616	65,239
Computer hardware, software and technical support services	22,986	17,542
Directory production costs	686	732
Equipment and ancillary costs	87,930	73,396
Satellite/Bandwidth charges	6,837	5,767
Total direct costs	<u>190,055</u>	<u>162,676</u>

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

<b>NOTE 8. OTHER INCOME</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>Restated \$'000</b>
Amortisation of government grant	45	45
Bad debts recovered	70	10
Exchange gain / (loss), net:		
- realized	796	1,761
- unrealized	(2,254)	1,040
Gain / (loss) on sale of property, plant and equipment	265	(1,915)
Insurance claim	71	6,231
Reversal of impairment loss on telecommunications and capital equipment	53	-
Rental income	9,865	7,791
Holding and other fees	5,841	4,084
Other miscellaneous income	2,914	1,006
<b>Total other income</b>	<b>17,666</b>	<b>20,053</b>
<b>NOTE 9. PERSONNEL COSTS</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Wages and salaries, including leave pay and other benefits	48,495	42,335
Superannuation contributions	3,857	3,822
Other personnel costs	5,394	3,329
<b>Total personnel costs</b>	<b>57,746</b>	<b>49,486</b>
<b>NOTE 10. FINANCE INCOME / (COST) - NET</b>		
Finance income:		
- Interest income on other investments	2,476	2,802
- Interest income on advances to related parties	29	60
Finance cost:		
- Interest on lease liabilities	(1,379)	-
- Interest on borrowings	(9,969)	(8,596)
<b>Total finance income - net</b>	<b>(8,843)</b>	<b>(5,734)</b>
<b>NOTE 11. OTHER OPERATING EXPENSES</b>		
Auditor's remuneration:		
- Audit fees - BDO	172	136
- Audit fees - other auditors	109	79
- Other services - BDO	82	85
- Other services - other auditors	55	45
Bad debts	-	23
Consultancy and contractors fees	2,252	1,373
Directors' remuneration - fees and allowances	408	379
Electricity	10,203	9,795
Insurance	5,239	5,482
Legal and professional fees	4,865	2,205
Licence and support service fees	12,115	18,361
Management fee	1,130	-
Rent and rates	6,051	6,326
Provision for stock obsolescence (note 20(a))	1,027	397
Repairs and maintenance	6,693	4,269
Travelling and transportation	3,986	2,121
Other miscellaneous expenses	34,219	25,513
<b>Total other operating expenses</b>	<b>88,606</b>	<b>76,589</b>

Notes to the Consolidated Financial Statements  
For the year ended 31 March 2019 (Cont'd)

**NOTE 12. INCOME TAX**

**Income Tax Rate**

Income tax expense, deferred tax assets and deferred tax liabilities for the year ended 31 March 2019 have been computed using tax rate applicable in each company's jurisdictions.

a) <b>Income tax expense</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Numerical reconciliation of income tax to prima facie tax expense</b>		
Profit before income tax (2018: Restated)	112,727	113,531
Prima facie tax expense	27,640	23,584
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Non-deductible expenses	813	823
Exempt income - dividend and others	(9)	(9)
Tax concessions and incentives	(482)	(606)
Tax effect of temporary differences and tax losses recognised	(527)	(22)
Under/ (over) provision of income tax and deferred income tax in prior years	269	(26)
Others	284	-
Income tax expense	27,988	23,744
Income tax expense comprises of:		
Current tax liability	27,496	22,356
Movement in deferred tax assets	931	542
Movement in deferred tax liabilities	(439)	846
	27,988	23,744
<b>b) Deferred tax assets</b>		
Allowance for impairment loss	6,238	2,767
Provision for employee entitlements	1,388	1,226
Provision for stock obsolescence	688	433
Deferred revenue	176	190
Difference between right to use assets and lease liability	85	-
Tax losses	102	-
Unrealised exchange loss	71	-
Others	101	62
Total deferred tax assets	8,849	4,678

Notes to the Consolidated Financial Statements  
For the year ended 31 March 2019 (Cont'd)

NOTE 12. INCOME TAX (CONT'D)	2019 \$'000	2018 \$'000
<b>c) Deferred tax liabilities</b>		
Prepaid expenses	12	13
Difference in carrying value of property, plant, equipment, computer software, IRU network capacity and spectrum licences for accounting and income tax purpose	24,345	20,060
Unrealised exchange gain	57	17
<b>Total deferred tax liabilities</b>	<b>24,414</b>	<b>20,090</b>
<b>d) Current tax liability</b>		
Balance at 1 April	3,035	3,513
Recognition upon business acquisition	2,085	-
Tax liability for current year	27,017	22,492
Tax paid during the year	(26,878)	(22,813)
Tax deducted at source - Resident Interest Withholding Tax	(148)	-
Others	347	(21)
Under/ (over) provision of income tax in prior years	479	(136)
<b>Balance at 31 March</b>	<b>5,937</b>	<b>3,035</b>

**NOTE 13. EARNINGS PER SHARE**

**Basic and diluted earnings per share**

Basic and diluted earnings per share are calculated in accordance with the policy outlined in note 3.24.

Profit attributable to equity holders of the holding company (2018-restated)	54,315	58,065
Weighted average number of ordinary shares in issue (Nos.)	422,105	422,105
<b>Basic and diluted earnings per share (expressed in cents per share)</b>	<b>12.90</b>	<b>13.80</b>

Notes to the Consolidated Financial Statements  
For the year ended 31 March 2019 (Cont'd)

NOTE 14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings \$'000	Telecommu- nications equipment and plant \$'000	Computer equipment \$'000	Furniture, fittings and office equipment \$'000	Motor vehicles \$'000	Capital equipment \$'000	Capital work in progress \$'000	Total \$'000
<b>Year ended 31 March 2019</b>								
Opening net book amount	31,821	262,728	6,521	5,135	4,433	3,168	36,770	350,576
Acquisition upon business combination	8,579	62,511	-	8,980	2,025	-	12,636	94,731
Additions	2	17,372	186	791	4,338	-	161,404	184,093
Net foreign currency movements	98	-	-	866	49	-	-	1,013
Disposals	(217)	(545)	-	(5,050)	(351)	(1,246)	-	(7,409)
Transfers	878	38,937	771	668	74	-	(41,328)	-
Depreciation	(1,322)	(52,951)	(1,470)	(2,193)	(1,603)	-	-	(59,539)
<b>Closing net book amount</b>	<b>39,839</b>	<b>328,052</b>	<b>6,008</b>	<b>9,197</b>	<b>8,965</b>	<b>1,922</b>	<b>169,482</b>	<b>563,465</b>
<b>At 31 March 2019</b>								
Cost	79,986	1,011,630	62,197	168,554	19,563	2,110	169,482	1,513,522
Accumulated depreciation	(39,914)	(668,372)	(56,189)	(159,357)	(10,598)	(188)	-	(934,618)
Accumulated impairment allowance	(233)	(15,206)	-	-	-	-	-	(15,439)
<b>Net book amount</b>	<b>39,839</b>	<b>328,052</b>	<b>6,008</b>	<b>9,197</b>	<b>8,965</b>	<b>1,922</b>	<b>169,482</b>	<b>563,465</b>

Notes to the Consolidated Financial Statements  
For the year ended 31 March 2019 (Cont'd)

NOTE 14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold land and buildings (Restated)	Telecommu- nications equipment and plant	Computer equipment	Furniture, fittings and office equipment	Motor vehicles	Capital equipment	Capital work in progress	Total (Restated)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Year ended 31 March 2018</b>								
Opening net book amount	39,203	265,124	2,799	4,399	4,147	1,525	7,760	324,957
Additions	28	34,611	4,852	788	1,908	1,901	40,218	84,306
Transferred to intangible asset - computer software	-	-	-	-	-	-	(310)	(310)
Net foreign currency movements	-	22	-	-	-	-	-	22
Disposals	(6,864)	(192)	(10)	(2)	(66)	-	-	(7,134)
Transfers	727	8,946	336	829	37	-	(10,898)	(23)
Depreciation	(1,273)	(45,783)	(1,456)	(879)	(1,593)	-	-	(50,984)
Impairment loss (a)	-	-	-	-	-	(258)	-	(258)
<b>Closing net book amount</b>	<b>31,821</b>	<b>262,728</b>	<b>6,521</b>	<b>5,135</b>	<b>4,433</b>	<b>3,168</b>	<b>36,770</b>	<b>350,576</b>
<b>At 31 March 2018</b>								
Cost	51,530	781,902	59,281	21,355	14,826	3,423	36,770	969,087
Accumulated depreciation	(19,476)	(503,968)	(52,760)	(16,220)	(10,393)	-	-	(602,817)
Accumulated impairment allowance	(233)	(15,206)	-	-	-	(255)	-	(15,694)
<b>Net book amount</b>	<b>31,821</b>	<b>262,728</b>	<b>6,521</b>	<b>5,135</b>	<b>4,433</b>	<b>3,168</b>	<b>36,770</b>	<b>350,576</b>

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- a) Based on the impairment assessment performed by a subsidiary companies, no impairment loss has been recognised during the year ended 31 March 2019 (2018: \$258,000).
- b) All properties, plant and equipment of the holding company and subsidiary companies, Amalgamated Telecom Holdings (Kiribati) Limited and Telecom Vanuatu Limited have been pledged to ANZ Banking Group Limited (Fiji), ANZ Bank (Kiribati) Limited and ANZ Bank (Vanuatu) Limited, respectively as security in accordance with the security arrangements for term loan facilities. Furthermore, land and buildings located at Bluesky Headquarters at Malufou, Samoa are subject to a first charge to secured Bluesky Samoa's bank loans with ANZ Bank American Samoa Limited.

### NOTE 15. BUSINESS COMBINATIONS

#### a) Acquisition of Bluesky Group

During the year, ATH completed the acquisition of Bluesky Group, a mobile and telecommunications provider in Samoa, Cook Islands and American Samoa. The acquisition is in line with ATH's investment strategy as it combines two businesses that are highly complementary for a number of reasons, including their respective market positions and geographic presence, and the opportunity to deliver scale benefits and synergies for the combined group.

The acquisition was implemented through an arrangement under which ATH acquired a 60% controlling interest in the Bluesky Group. Upon receiving the requisite approvals, the acquisition was effective on the date of change of control, which was 1 January 2019 and was completed when the consideration was transferred to Amper (vendor), that is, on the 22 February 2019. The consideration was a 100% cash consideration of FJD 196.64m

On 31 January 2018, ATH incorporated a fully owned subsidiary company, Amalgamated Bluesky Telecom Holdings Incorporated of USA. Amalgamated Bluesky Telecom Holdings Incorporated of USA holds 100% membership interest in AST Telecom LLC.

The fair values of the identifiable assets and liabilities of Bluesky Group at the date of acquisition were (for recording of transaction and for the purpose of calculation of goodwill, 1 January 2019 was taken to be the effective date of transaction):

	<u>Bluesky Group</u>
	<u>FJD'000</u>
<b>Assets</b>	
Cash in hand and at bank	19,540
Property, plant and equipment	57,762
Inventories	3,942
Deferred tax assets	2,035
Intangible assets - Goodwill	12,795
Trade and other receivables	24,892
<b>Total assets</b>	<u>120,966</u>
<b>Liabilities</b>	
Trade payable and other liabilities	30,666
Current tax	680
Deferred tax liability	371
Interest bearing borrowings	21,732
Provisions	1,653
<b>Total liabilities</b>	<u>55,102</u>
<b>Total identifiable net assets acquired</b>	65,864
<b>Purchase consideration paid</b>	<u>196,644</u>
<b>Goodwill on acquisition (Note 16a))</b>	<u>130,780</u>
<b>Net cash outflow from the acquisition (net of cash in hand and at bank)</b>	<u>177,104</u>

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 15. BUSINESS COMBINATIONS (CONT'D)

#### a) Acquisition of Bluesky Group (Cont'd)

The goodwill arising on the acquisition is primarily attributable to two key factors; namely the cash generating ability of the businesses being acquired and the synergies expected to be achieved by the ATH Group from integrating Bluesky.

From an acquisition perspective, while there are many ways to value a business, especially businesses that are going concerns and generating good profits and cash flows, the primary valuation methods used in arriving at an acquisition price will typically be based on a discounted cash flow of either free cash or free cash to equity, and a multiple of future maintainable earnings rather than the net tangible asset backing of the businesses. Unlike the prior acquisitions of Amalgamated Telecom Holdings (Kiribati) Limited's assets and Telecom Vanuatu Limited where these were marginal performing entities, the Bluesky group was generating reasonably good profits and cash flows hence the later relative amount of goodwill when compared to previous acquisition.

For the year ended 31 March 2019, Bluesky group of companies contributed revenue of USD 15.25m and EBITDA of USD 5.69m to the group's results for the 3 months post acquisition.

Furthermore, there has been impressive growth in the Bluesky group from the time the initial valuation was done in 2016 whereby the EBITDA was locked at USD 24.6M on which an acquisition multiple was applied on to compute the group valuation. From the Bluesky group results as at December 2018, it is positive sign that there has been growth in the EBITDA by USD 4.71M, that is, about 20.6% improvement since the time the valuations were conducted. High level forecasts indicate that the Bluesky group expects to defend its strong market share in the Cook Islands and American Samoa while pushing to increase market share in Samoa in the near term.

In terms of synergies, recently implemented initiatives such as international voice and roaming consolidation of traffic across the group, new bandwidth price reductions secured from providers and capital expenditure price reductions are already expected to deliver improvement in income contributions.

#### b) Acquisition of Digitec Group

During the year, ATH completed the acquisition of the Digitec group, an ICT provider in PNG, Singapore and Australia.

The acquisition is a strategic to ATH's existing businesses and are highly complementary for a number of reasons, including their respective market positioning and geographic presence, and should deliver scale benefits for the combined group. Digitec group also has acquired mobile licence and spectrum in PNG.

The acquisition was implemented through a transaction where ATH acquired a 70% controlling interest in the Digitec Group.

Upon receiving the requisite approvals, the acquisition was effective on the date of change of control, which was 1 January 2019, and was completed when the initial consideration was transferred to Austel (vendor) on 14 February 2019. The consideration was 100% cash consideration of approximately FJD28.49m.

On 7 December 2018, the holding company, Amalgamated Telecom Holdings Limited (ATH) incorporated fully owned subsidiary company, ATH International Venture Pte Limited in Singapore.

The fair values of the identifiable assets and liabilities of Digitec Group at the date of acquisition were (for recording of transaction and for the purpose of calculation of goodwill, 1 January 2019 was assumed to be the effective date of transaction):

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 15. BUSINESS COMBINATIONS (CONT'D)

#### b) Acquisition of Digitec Group

	<b>Digitec Group</b>
	<b>FJD'000</b>
<b>Assets</b>	
Cash in hand and at bank	1,010
Property, plant and equipment	782
Inventories	4,190
Trade and other receivables	1,761
<b>Total assets</b>	<b>7,743</b>
<b>Liabilities</b>	
Trade payable and other liabilities	1,944
<b>Total liabilities</b>	<b>1,944</b>
<b>Total identifiable net assets acquired</b>	<b>5,799</b>
Purchase consideration paid	28,488
<b>Goodwill on acquisition (Note 16a)</b>	<b>22,689</b>
Net cash outflow from the acquisition (net of cash in hand and of bank)	27,478

For the year ended 31 March 2019, Digitec group of companies contributed revenue of FJD9.4 million and EBITDA of (FJD 1.2 million) to the group's results for the 3 months post acquisition.

The goodwill arising on the acquisition is primarily attributable to the synergies expected to be achieved from integrating Digitec into the Groups operations. The elements or factors that make up the intangible asset of goodwill are comprised of things such as Digitec's a loyal customer or client base, recognition, especially talented workforce, and exclusive distribution rights to key products and brands. This provides a company with competitive advantages in the marketplace.

NOTE 16. INTANGIBLE ASSETS	2019	2018
	\$'000	\$'000
Goodwill (a)	189,398	9,112
Computer software (b)	1,249	1,323
Indefeasible Rights of Use capacity (c)	-	13,828
Spectrum Licences (d)	4,982	5,479
<b>Total intangible assets, net</b>	<b>195,629</b>	<b>29,742</b>

Intangible assets are as follows:

#### a) Goodwill

##### Gross carrying amounts:

Goodwill on acquisition of :		
Datec (Fiji) Pte Limited and Subsidiary Company (i)	3,401	3,401
Telecom Vanuatu Limited (ii)	5,711	5,711
Bluesky Group (iii)	130,780	-
Digitec Group (iv)	22,689	-
TCNZ Cook Islands Limited (v)	24,684	-
American Samoa Entertainment Inc. (vi)	2,133	-
<b>Balance as at 31 March</b>	<b>189,398</b>	<b>9,112</b>

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 16. INTANGIBLE ASSETS (CONT'D)

#### a) Goodwill (cont'd)

- i) On 29 May 2015, subsidiary company, Vodafone Fiji Pte Limited acquired 100% shareholding (412,345 ordinary shares) in Datec (Fiji) Pte Limited and its Subsidiary Company for a purchase consideration of \$3.3 million. Accordingly, goodwill of \$3.4 million was recognised as the excess of the consideration transferred over the fair value of net assets of the acquiree at acquisition-date.

Goodwill of \$3.4 million has been tested for impairment by reviewing the underlying net assets supporting the investment in subsidiary. The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated. The terminal value of the CGU in 2019 was determined to be lower than its recoverable amount.

Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined as the long-term compound annual EBITDA growth rate estimated by management, consistent with the assumption that a market participant would make.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for the anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price forecasts for the next five years.

Further, the acquisition also provides the group with increased share of the telecommunication market through access to Datec (Fiji) Pte Limited and subsidiary company's customer base. The group has also been able to reduce costs through economies of scale.

- ii) On 27 March 2017, the holding company acquired 100% shareholding in Telecom Vanuatu Limited for a purchase consideration of \$44.1 million. Goodwill of \$5.7 million was recognised as the excess of the consideration transferred over the fair value of net assets of the acquiree at acquisition-date.

Goodwill of \$5.7 million has been tested for impairment based on the forecasted free cash flow to equity. Free cash flow projections were based on financial budgets approved by management for the year ending March 2020. Cash flows beyond March 2020 are extrapolated using the GDP growth as a long-term growth to determine the terminal value. A discount rate of 10% was used based on the recent assessment of Equity Risk Premium.

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated. The carry amount of the CGU in 2019 was determined to be lower than its recoverable amount.

- iii) On 1 January 2019, the holding company acquired 100% membership in AST Telecom LLC and 100% shareholding eLandia Technologies Inc. of USA for a purchase consideration of US\$93.14 million (FJ\$196.64 million). Goodwill of \$130.8 million was recognised as the excess of the consideration transferred over the fair value of net assets of the acquiree at acquisition date. (Refer note 15).

- iv) On 7 December 2018, the holding company, Amalgamated Telecom Holdings Limited (ATH) incorporated fully owned subsidiary company, ATH International Venture Pte Limited in Singapore.

On 1 January 2019, the ATH International Venture Pte Limited acquired 70% shareholding in the Etech ICT Pty Limited of Australia, Etech ICT Pte Limited of Singapore and Digitec Communication Limited (collectively Digitec group) of Papua New Guinea from Austel Investments Pty Limited of Australia and Digitec Communication Limited of Papua New Guinea for a purchase consideration of US\$13.32 million (FJ\$28.48 million). Goodwill of \$22.7 million was recognised as the excess of the consideration transferred over the fair value of net assets of the acquiree at acquisition date. (Refer note 15).

Notes to the Consolidated Financial Statements  
For the year ended 31 March 2019 (Cont'd)

**NOTE 16. INTANGIBLE ASSETS (CONT'D)**

**a) Goodwill (cont'd)**

v) TCNZ Cook Islands Limited

TCNZ Cook Islands Limited was acquired in January 2015 by AST Telecom LLC which was acquired by the holding company during the year. As a result the Company remains fairly current. The recoverable amount of the goodwill as at 31 March 2019, has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five year period. The projected cash flows have been updated to reflect the increased demand for products and services. The pre-tax discount rate applied to cash flow projection is 10% and cash flows beyond the five-year period are extrapolated using a 1% growth rate. It was concluded that the fair value less costs of disposal did not exceed the value in use.

vi) American Samoa Entertainment Inc.

The recoverable amount of the goodwill through acquisition as at 31 March 2019, is also determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the decreased demand for products and services. The pre-tax discount rate applied to the cash flow projections is 12%. The growth rate used to extrapolate the cash flows of the unit beyond the five-year period is 2%. This growth rate is below the industry average growth rate. Management believes this growth rate is justified based on the acquisition of the company. It was concluded that the fair value less costs of disposal did not exceed the value in use.

Goodwill is not amortized, but is reviewed for impairment annually or when there is an indication that Goodwill may be impaired.

Based on the impairment assessment made by management, no impairment has been recognised on Goodwill for the year ended 31 March 2019 as the management reasonably believes that no indicators for impairment exist.

<b>b) Computer software</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Gross carrying amount:</b>		
Balance as at 1 April	34,998	34,482
Additions	-	206
Work in progress	97	-
Reclassified from property, plant and equipment	419	310
<b>Balance as at 31 March</b>	<b>35,514</b>	<b>34,998</b>
<b>Accumulated amortisation:</b>		
Balance as at 1 April	33,675	32,790
Amortisation	590	885
<b>Balance as at 31 March</b>	<b>34,265</b>	<b>33,675</b>
<b>Net book amount as at 31 March</b>	<b>1,249</b>	<b>1,323</b>

Notes to the Consolidated Financial Statements  
For the year ended 31 March 2019 (Cont'd)

**NOTE 16. INTANGIBLE ASSETS (CONT'D)**

c) Indefeasible Rights of Use capacity	2019 \$'000	2018 \$'000
<b>Gross carrying amount:</b>		
Balance as at 1 April	80,462	79,157
Transfer to right of use assets (note 17)	(80,462)	-
Additions	-	1,305
<b>Balance as at 31 March</b>	<b>-</b>	<b>80,462</b>
<b>Accumulated amortization:</b>		
Balance as at 1 April	61,712	59,759
Transfer to right of use assets (note 17)	(61,712)	-
Amortisation	-	1,953
<b>Balance as at 31 March</b>	<b>-</b>	<b>61,712</b>
<b>Accumulated impairment allowance:</b>		
Balance as at 1 April	4,922	4,922
Transfer to right of use assets (note 17)	(4,922)	-
<b>Balance as at 31 March</b>	<b>-</b>	<b>4,922</b>
<b>Net book amount - Indefeasible Rights of Use capacity</b>	<b>-</b>	<b>13,828</b>
<b>d) Spectrum Licences</b>		
<b>Gross carrying amount:</b>		
Balance as at 1 April	6,370	6,370
<b>Balance as at 31 March</b>	<b>6,370</b>	<b>6,370</b>
<b>Accumulated amortisation:</b>		
Balance as at 1 April	891	594
Amortisation	497	297
<b>Balance as at 31 March</b>	<b>1,388</b>	<b>891</b>
<b>Net book amount - Spectrum Licences</b>	<b>4,982</b>	<b>5,479</b>

Spectrum licences include licences acquired by the subsidiary companies, Telecom Fiji Limited and Vodafone Fiji Pte Limited on 2 September 2013 from Department of Communications. Spectrum licences also include licence acquired by the subsidiary company, Amalgamated Telecom Holdings (Kiribati) Limited on 27 May 2016 from Communications Commission of Kiribati.

The licences of Telecom Fiji Pte Limited and Vodafone Fiji Pte Limited have an initial 5 year term starting from 2 September 2013, then extending to further 10 years conditional on compliance with implementation requirements. The purchase consideration has been capitalised to intangible assets.

The licence of Amalgamated Telecom Holdings (Kiribati) Limited has an initial 15 year term starting from 27 May 2016, then extending to further 5 years conditional on compliance with implementation requirements. The purchase consideration has been capitalised to intangible assets.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

NOTE 17. RIGHT OF USE ASSETS AND LEASE LIABILITIES	2019 \$'000	2018 \$'000
<b>A. Rights of Use Assets</b>		
<b>i) Property leases</b>		
The group leases land and building. Information about leases for which the group is a lessee is presented below:		
Balance as at 1 April	23,518	-
Additions	11,290	
Depreciation charge for the year	(3,613)	-
Balance as at 31 March, net	<u>31,195</u>	-
<b>ii) IRU Network Capacity</b>		
Transfer from intangible assets as at 1 April (a)	13,828	-
Additions	1,514	
Adjustments	(17)	
Depreciation charge for the year	(2,068)	-
Balance as at 31 March, net	<u>13,257</u>	-
Total right of use assets, net	<u><u>44,452</u></u>	-
(a) Indefeasible Rights of Use (“IRU”) capacity relates to the lease of IRU network capacities by subsidiary companies, Telecom Fiji Pte Limited and Fiji International Telecommunications Pte Limited. The IRU network capacity purchase consideration or lease consideration is capitalised to intangible assets, and is amortised over its estimated economic useful life.		
During the prior year, the subsidiary company, Fiji International Telecommunications Pte Limited entered in an agreement with Southern Cross Cables (SX Next), to lease a new submarine cable route for a period of 15 years via Australia and USA links, amounting to USD 20,000,000. The company paid FJD 880,266 (USD 350,000) for Marine Route Survey. Remaining balance of FJD 49,546,000 (USD 19,650,000) inclusive of withholding tax is disclosed as part of capital commitments. Refer Note 32(a). The projected ‘Ready for Service’ date for SX Next is 2021.		
<b>B. Lease liabilities</b>		
<b>Lease liabilities included in the statement of financial position as at 31 March 2019</b>		
<b>Current</b>		
IRU network capacity	577	
Property leases	3,874	-
Total current lease liabilities	<u>4,451</u>	-
<b>Non-current</b>		
IRU network capacity	618	
Property leases	27,471	-
Total non-current lease liabilities	<u>28,089</u>	-
<b>Total lease liabilities</b>	<u><u>32,540</u></u>	-
<b>Amounts recognised in profit or loss</b>		
Interest on lease liabilities	1,379	-
Lease payments not included in the measurement of lease liabilities	22,483	-
	<u><u>23,862</u></u>	-

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 17. RIGHT OF USE ASSETS AND LEASE LIABILITIES (CONT'D)

	2019 \$'000	2018 \$'000
<b>B. Lease liabilities (cont'd)</b>		
<b>Amounts recognised in the statement of cash flows</b>		
Total cash outflow for leases	3,542	-
<b>Maturity analysis - contractual undiscounted cash flows</b>		
Less than one year	4,464	-
One to five years	13,312	-
More than five years	35,456	-
Total undiscounted lease liabilities as at 31 March 2019	53,232	-

#### Real estate leases

The group leases various premises, base stations, land and buildings for its office premises and access roads. These range over periods from one to ninety nine years. Some leases include an option to renew the lease for an additional period after the end of the contract term. Some leases provide for additional rental payments that are based on changes in local price indices.

The group sub-leases some of its properties under operating leases.

#### Extension options

Some leases contain extension options exercisable by the group before the end of the non-cancellable contract period. Where practicable, the group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the group and not by the lessors.

The group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Reconciliation of movement of liabilities to cash flows from financing activities				
Group	Borrowings- excluding Bank Overdraft (\$)	Lease Liabilities (\$)	IRU Network	Total (\$)
			Capacity (\$)	
Balance at 1 April 2018	148,147	14,243	252	162,642
Addition upon business acquisition	32,125	-	-	32,125
	180,272	14,243	252	194,767
<b>Changes from financing cash flows</b>				
Proceeds from borrowings	191,301	-	-	191,301
Payment of borrowings	(52,527)	-	-	(52,527)
Unrealised exchange loss on translation of foreign currency loan	471	-	-	471
Payment of lease liabilities	-	(3,027)	(515)	(3,542)
<b>Total changes from financing cash flows</b>	<b>139,245</b>	<b>(3,027)</b>	<b>(515)</b>	<b>135,703</b>
<b>Other changes - liability related</b>				
New lease liabilities	-	20,129	1,458	21,587
Interest expense	9,432	1,377	-	10,809
Interest paid	(9,432)	(1,377)	-	(10,809)
<b>Total liability related other changes</b>	<b>-</b>	<b>20,129</b>	<b>1,458</b>	<b>21,587</b>
<b>Balance at 31 March 2019</b>	<b>319,517</b>	<b>31,345</b>	<b>1,195</b>	<b>352,057</b>

Notes to the Consolidated Financial Statements  
For the year ended 31 March 2019 (Cont'd)

NOTE 18. INVESTMENT IN ASSOCIATE AND AVAILABLE-FOR-SALE FINANCIAL ASSETS	2019 \$'000	2018 \$'000
<b>(a) Associate Company</b>		
<b>Non-current</b>		
Bluesky SamoaTel Investments Limited - Samoa	-	12,720
Reconciliation for investments in associate:		
Acquisition of shares:		
- Purchase consideration	-	12,117
Share of profit for year 2017	-	141
Share of profit for year 2018	-	462
Total non-current investment in associate, net	-	12,720
<b>(b) Available-for-sale financial assets</b>		
<b>Non-current</b>		
Bluesky Pacific Holding Limited - Samoa	-	1,621
Reconciliation for investments:		
Acquisition of shares:		
- Purchase consideration	-	1,621
Total non-current investment, net	-	1,621

On 1 January 2019, the holding company acquired 100% membership interests in AST Telecom LLC, USA. Subsequent to acquisition of AST Telecom LLC, the holding company has 97.16% and 60% (direct and indirect) shareholding in Bluesky SamoaTel Investments Limited and Bluesky Pacific Holdings Limited - Samoa, respectively. Consequently, effective from 1 January 2019, these entities are subsidiaries of the Amalgamated Telecom Holdings Limited and the initial deposits (purchase consideration) paid has been transferred to investments in subsidiary and share of profits recognised until 31 March 2018 has been reversed against opening retained earnings. Refer note 15(a).

**NOTE 19. NON-CONTROLLING INTEREST**

The group has a number of subsidiaries companies which it controls but which also contains significant non-controlling interests.

The table set out below shows the interest that non-controlling interests have in each subsidiary or group of subsidiaries that is material to the reporting entity.

Group	Vodafone Fiji Pte Limited	Bluesky Group	Digitec Group	Total
<b>NCI Percentage</b>	49%	40%	30%	
	\$'000	\$'000	\$'000	\$'000
Non-current assets	299,926	127,459	32,973	460,358
Current assets	112,408	87,990	14,289	214,687
Non-current liabilities	(96,942)	(30,627)	(191)	(127,760)
Current liabilities	(179,157)	(53,250)	(40,157)	(272,564)
<b>Net assets</b>	<b>136,235</b>	<b>131,572</b>	<b>6,914</b>	<b>274,721</b>
<b>Net assets attributable to NCI</b>	<b>66,755</b>	<b>62,502</b>	<b>2,074</b>	<b>131,331</b>
Profit / (loss)	59,313	2,620	(1,373)	60,560
OCI	60	-	(36)	24
Profit / (loss) allocated to NCI	29,063	1,773	(412)	30,424
OCI allocated to NCI	29	-	(11)	18

Notes to the Consolidated Financial Statements  
For the year ended 31 March 2019 (Cont'd)

NOTE 20. INVENTORIES	2019 \$'000	2018 \$'000
Merchandise and consumables	39,304	26,335
Less: provision for stock obsolescence (a)	(3,420)	(2,489)
	<u>35,884</u>	<u>23,846</u>
Goods in transit	906	57
Total inventories, net	<u>36,790</u>	<u>23,903</u>

(a) Movement in the provision for stock obsolescence of the group is as follows:

As at 1 April	2,489	2,529
Additional provision during the year (Note 11)	1,027	397
Amounts written off during the year	(96)	(437)
As at 31 March	<u>3,420</u>	<u>2,489</u>

NOTE 21. FINANCIAL ASSETS

a) Held-to-maturity investments

Non-current

Fiji Government Registered stock (a)	-	9,000
Total non-current held-to-maturity investments	<u>-</u>	<u>9,000</u>

Current

Fiji Government Registered stock (a)	-	14,050
Term deposits (b)	-	33,484
Total current held-to-maturity investments	<u>-</u>	<u>47,534</u>
Total held-to-maturity investments	<u>-</u>	<u>56,534</u>

b) Other investments

Current

Fiji Government Registered stock (a)	11,000	-
Term deposits (b)	23,278	-
Total current other investments	<u>34,278</u>	<u>-</u>
Total other investments	<u>34,278</u>	<u>-</u>

(a) The carrying values of the Fiji Government Registered stock are considered to be the reasonable approximation of the fair values.

The holding company has pledged government bonds amounting to \$680,000 as security for the loan obtained from ANZ Banking Group Limited. (Refer 26 (e)).

(b) Term deposits include short term deposit of \$3,500,000 (2018: \$5,000,000) which matures within three months. Accordingly, this deposit has been considered as cash and cash equivalents for the purpose of the statement of cash flows. (Refer Note 23).

Term deposits held with financial institutions attract interest rates in the range of 1.25% up to 5.6% per annum, and will mature within 12 months from balance date.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

NOTE 22. TRADE AND OTHER RECEIVABLES	2019 \$'000	2018 \$'000
<b>Non-current</b>		
Advance to Amalgamated Telecom Nominees Limited	2,482	2,482
Refundable deposits and others (a)	104	61,412
Total non-current trade and other receivables	<u>2,586</u>	<u>63,894</u>
<b>Current</b>		
Trade receivables (b)	107,236	66,741
Less: unearned income	(1,538)	(1,573)
	<u>105,698</u>	<u>65,168</u>
Less: allowance for doubtful debts (c)	(24,288)	(16,049)
Trade receivables, net	81,410	49,119
Receivable from related parties	222	331
	<u>81,632</u>	<u>49,450</u>
Accrued revenue	2,154	1,441
Prepayments, other receivables and advances	39,901	19,798
Less: allowance for doubtful debts (c)	(3)	(54)
Total current trade and other receivables, net	<u>123,684</u>	<u>70,635</u>

- (a) The refundable deposit amounting to \$61 million in prior year relates to the acquisition of 100% membership interests in AST Telecom LLC of USA and 100% of the issued share capital in eLandia Technologies Inc. of USA

By December 2018, the group obtained appropriate consents for the (direct or indirect) change of control of various licences and permits and foreign investment approvals, waivers or non-objections from respective government and regulatory authorities. Accordingly, upon transfer of control effective from 1 January 2019, refundable deposit has been transferred to investment in subsidiary.

- (b) Trade receivables principally comprise amounts outstanding for sale of telephones, office equipment and computer equipment and rendering of telecommunication, data and internet related services. Trade receivables are non-interest bearing and are generally settled on 15 - 60 day terms.
- (c) Movements in the allowance for doubtful debts of trade and other receivables are as follows:

Balance at 1 April	16,103	19,143
Adjustment on initial application of IFRS 9	218	-
<b>Balance at 1 April per IFRS 9</b>	<u>16,321</u>	<u>19,143</u>
Addition on business acquisition	16,320	-
Net re-measurement of loss allowance	338	2,638
Reversal of allowance for doubtful debts	(925)	-
Amounts written off during the year	(7,763)	(5,678)
As at 31 March	<u>24,291</u>	<u>16,103</u>

Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The individually impaired receivables mainly relates to customers who have defaulted in payments. The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The group generally obtains security deposits for all new land line and internet connections. Apart from these, it does not hold any collateral as security. The total carrying amount of security deposits in relation to the above trade receivables carried by the group is \$5,867,000 (2018: \$6,037,000).

Notes to the Consolidated Financial Statements  
For the year ended 31 March 2019 (Cont'd)

**NOTE 22. TRADE AND OTHER RECEIVABLES (CONT'D)**

- (d) The following table provides information about contract assets / liabilities from contracts with customers, net, included as part of trade receivables in respect to the group.

	31 March 2019	1 April 2018
Contract assets	2,080	2,275
Contract liabilities	(311)	(658)
Contract assets, net	<u>1,769</u>	<u>1,617</u>

**NOTE 23. NOTES TO THE STATEMENTS OF CASH FLOWS**

**Cash and cash equivalents**

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:

	2019 \$'000	2018 \$'000
Cash on hand and at bank	76,776	48,283
Short term deposits	3,500	5,000
Bank overdraft	(18,777)	(4,492)
Total cash and cash equivalents	<u>61,499</u>	<u>48,791</u>

**NOTE 24. SHARE CAPITAL**

- (a) Issued and Paid Up Capital

Balance as at 1 April (422,104,868 ordinary shares)	<u>107,600</u>	<u>107,600</u>
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- (i) All issued shares are fully paid.

- (b) Foreign currency translation reserve

The foreign currency translation reserve relates to foreign currency translation as at year end on consolidation of subsidiary companies operating in foreign jurisdictions whose financial statements and transactions are denominated in a currency other than the presentation currency of the group.

**NOTE 25. FINANCE LEASE LIABILITIES - IRU NETWORK CAPACITY**

**Current**

Optus Networks Pty Limited (a)	252	252
Transfer opening balance to lease liabilities	(252)	-
Total current IRU liabilities	<u>-</u>	<u>252</u>

- (a) In accordance with the agreement with Optus Networks Pty Limited for the purchase of IRU network capacity, the repayment term consists of monthly repayments of over twelve months.

Notes to the Consolidated Financial Statements  
For the year ended 31 March 2019 (Cont'd)

NOTE 26. BORROWINGS	2019 \$'000	2018 \$'000
<b>Non-current</b>		
Term loans - Fiji National Provident Fund (a)	65,000	-
Term loans - Vanuatu National Provident Fund (h)	15,388	-
Term loan - Westpac Banking Corporation (b)	3,267	751
Term loan - ANZ Bank (Kiribati) Limited (c)	3,505	5,622
Term loan - ANZ Bank (Vanuatu) Limited (d)	13,808	17,784
Term loan - ANZ Bank American Samoa Limited (i)	25,788	-
Term loan - ANZ Banking Group Limited - Fiji (e)	166,733	41,778
Term loan - Bred Bank (Vanuatu) Limited (g)	3,218	-
Finance lease liabilities - Westpac Banking Corporation	-	221
Total non-current borrowings	<u>296,707</u>	<u>66,156</u>
<b>Current</b>		
Term loan - Westpac Banking Corporation (b)	1,645	1,744
Term loan - ANZ Bank (Kiribati) Limited (c)	2,014	1,938
Term loan - ANZ Bank (Vanuatu) Limited (d)	1,824	1,441
Term loan - Bred Bank (Vanuatu) Limited (g)	2,108	-
Term loan - ANZ Banking Group Limited - Fiji (e)	9,815	77,089
Term loan - ANZ Bank American Samoa Limited (i)	5,404	-
Finance lease liabilities - Westpac Banking Corporation	-	146
Bank overdraft - ANZ Bank (Kiribati) Limited (c)	76	751
Bank overdraft - Bred Bank (Vanuatu) Limited (g)	4,403	3,741
Bank overdraft - Westpac Banking Corporation (f)	14,298	-
Total current borrowings	<u>41,587</u>	<u>86,850</u>
Total borrowings	<u>338,294</u>	<u>153,006</u>

**(a) Term loans - Fiji National Provident Fund**

During the year, the subsidiary company, Vodafone Fiji Pte Limited entered into a loan agreement with FNPF for \$80m. As at balance date, \$65m has been drawn. FNPF loan is at competitive interest rate per annum fixed for a period of 2 years and variable thereafter. The repayments are interest only for a period of two years. Term of the loan is 7 years.

Corporate guarantee has been provided by the subsidiary company for the loan.

**(b) Term loan - Westpac Banking Corporation**

The loan facilities from Westpac Banking Corporation are unsecured (subject to maintaining certain financial covenants) and subject to competitive interest rate per annum with monthly repayments of \$150,800.

**(c) Bank Loan and Bank Overdraft - ANZ Bank (Kiribati) Limited**

The term loan and bank overdraft from ANZ Bank (Kiribati) Limited is subject to competitive interest rate per annum and term loans are repayable by monthly instalments of AUD126,097 (inclusive of interest).

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 26. BORROWINGS (CONT'D)

#### (c) Bank Loan and Bank Overdraft - ANZ Bank (Kiribati) Limited (cont'd)

The term loan and bank overdraft are secured by the following:

- i) Limited Guarantee provided by the holding company to the amount of AUD9,577,000 plus interest and costs.
- ii) First registered mortgage debenture provided by the subsidiary company, Amalgamated Telecom Holdings (Kiribati) Limited being a fixed and floating charge over all present and future assets, undertakings (including goodwill) and unpaid or uncalled capital of that security provider.
- iii) Deed of Subordination with the holding company (Postponer). The subsidiary company, Amalgamated Telecom Holdings (Kiribati) Limited and ANZ Banking Group Limited (Bank), covenanting that the loan from Postponer to the subsidiary company will not reduce without prior written consent of the Bank and the Bank has priority to extend the facilities provided.

#### (d) Bank Loan - ANZ Bank (Vanuatu) Limited

The term loan from ANZ Bank (Vanuatu) Limited is subject to competitive interest rates with monthly repayments of VUV12,436,419.

The term loan is secured by registered equitable mortgage debenture over the subsidiary company's assets.

#### (e) Term loan - ANZ Banking Group Limited - Fiji

In prior year, the holding company obtained a loan from ANZ Banking Group Limited (ANZ) to finance acquisition of Telecom Vanuatu Limited and Amper SA interest in certain subsidiaries of Bluesky Group.

The loan facility from ANZ Banking Group Limited are secured and subject to competitive interest rates.

The term loan is secured by the following:

- i) First registered mortgage debentures over all assets and undertakings including uncalled capital and unpaid premiums of the holding company.
- ii) Scrip lien over Government bonds of \$680,000.
- iii) Authority to appropriate and set off term deposit.

#### *Borrowing for acquisition of Telecom Vanuatu Limited*

The loan amounting to FJD23.59 million as at year end was obtained for the purpose of funding the transaction to acquire Telecom Vanuatu Limited.

The loan is payable on repayments based on notional term of 14 years with remaining debts to be cleared in full. Accordingly, the loan amounting to FJD23.59 million has been classified between current and non-current liabilities as at 31 March 2019.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 26. BORROWINGS (CONT'D)

#### (e) Term loan - ANZ Banking Group Limited - Fiji (cont'd)

##### *Borrowing for acquisition of Amper SA interest in certain subsidiaries of Bluesky Group*

The loan amounting to FJD153 million as at year end comprises of USD71.6 million obtained for the purpose of funding the transaction to acquire Amper SA's interest in subsidiaries of Bluesky Group.

As at 31 March 2018, loan amounting to FJD74.8 million (USD30 million and FJD13.4 million) was serviced on at Interest only basis as bridging finance, accordingly, the loan was classified as current liabilities as at 31 March 2018.

Effective from 26 November 2018, based on the likelihood of completing the transaction, the loan was renegotiated and is now payable on principal and interest basis on notional term of 13 years and 6 months. Accordingly, the loan has been reallocated between current and non-current liabilities as at 31 March 2019.

Also, during the year, the holding company converted USD530k into FJD out of the USD 30 million and this was fully paid by the holding company.

Furthermore, in February 2019, additional USD43.5 million loan was obtained by the holding company and the loan is payable on principal and interest based on notional term of 15 years. Accordingly, loan has been classified between current and non-current liabilities as at 31 March 2019.

Term loans with ANZ bears competitive interest rate per annum and are repayable by monthly instalments of USD615,505 (inclusive of interest) and FJD292,809 (inclusive of interest), respectively.

#### (f) Bank overdraft and Finance Lease - Westpac Banking Corporation

i) The subsidiary company, Vodafone Fiji Pte Limited, has a bank overdraft facility of \$20 million with Westpac Banking Corporation which is unsecured, and is subject to maintaining certain financial covenants.

#### (g) Term loan and Bank overdraft - Bred Bank (Vanuatu) Limited

i) The subsidiary company, Telecom Vanuatu Limited, has a bank overdraft facility of VUV270 million and term loan with Bred Bank (Vanuatu) Limited which is unsecured, and is subject to maintaining certain financial covenants.

#### (h) Term loans - Vanuatu National Provident Fund

The subsidiary company, Telecom Vanuatu Limited, has an equity convertible loan from Vanuatu National Provident Fund which is subject to competitive interest rate.

Corporate guarantee has been provided by the holding company for the loan.

#### (i) Term loan - ANZ Bank American Samoa Limited

The subsidiary companies, AST Telecom, LLC and Bluesky Samoa Limited, has a loan and line of credit facility with ANZ Bank American Samoa Limited. These facilities are secured as follows:

- (i) AST Telecom LLC stock pledge in favour of ANZ America Samoa Bank over AST's shares in Bluesky Samoa Tel Investments Ltd, dated 31 March 2011.
- (ii) First registered mortgage over leasehold Bluesky Headquarters at Maluafou. Lease is 20 years commencing 2003 with a right of renewal of 20 years, final expiry 2043.
- (iii) First registered Mortgage Debenture over the fixed and floating assets (including paid and unpaid capital) of Bluesky Samoa Limited dated 18 November 2014.

Notes to the Consolidated Financial Statements  
For the year ended 31 March 2019 (Cont'd)

**NOTE 26. BORROWINGS (CONT'D)**

**(j) Other Bank Facilities - ANZ Banking Group Limited (Fiji)**

The subsidiary company, Telecom Fiji Pte Limited, has an indemnity guarantee and visa business credit card facilities with ANZ Banking Group Limited (Fiji). These facilities are secured by letter of charge over term deposit funds.

NOTE 27. PROVISIONS			2019 \$'000	2018 \$'000
<b>Non-current</b>				
Retirement benefits			583	2,002
	Employee entitlements (a)	Directory production costs	Dividends	Total
<b>Current</b>	\$'000	\$'000	\$'000	\$'000
As at 1 April 2018	6,392	57	18,995	25,444
Additional provisions recognized	-	51	10,552	10,603
Addition on business acquisition	367	-	1,964	2,331
Paid during the year	(3)	(57)	(18,995)	(19,055)
<b>Carrying amount as at 31 March 2019</b>	<b>6,756</b>	<b>51</b>	<b>12,516</b>	<b>19,323</b>

Employee entitlements consists of the following:

**Current**

Annual leave	1,516	1,208
Bonus	5,240	5,184
<b>Total current employee entitlements</b>	<b>6,756</b>	<b>6,392</b>

**Annual leave**

Generally annual leave is taken within one year of entitlement and accordingly it is expected that a significant portion of the total annual leave balance will be utilised within the next financial year. Note 3.19 outlines the accounting policy and underlying basis for these provisions.

**Long service leave and retirement benefits**

Long service leave and retirement benefits are accrued for employees entitled to the same under their terms of employment. Note 3.23 outlines the accounting policy and underlying basis for these provisions.

**Bonus**

Bonus provisions are expected to be settled within 12 months after the end of the financial year. Note 3.23 outlines the accounting policy and underlying basis for these provisions.

Notes to the Consolidated Financial Statements  
For the year ended 31 March 2019 (Cont'd)

NOTE 28. TRADE AND OTHER PAYABLES	2019 \$'000	2018 \$'000
<b>Non-current</b>		
Subscriber deposits	3,855	3,936
Total non-current trade and other payables	3,855	3,936
<b>Current</b>		
Trade payables and accruals (a)	157,225	68,911
Owing to related parties	44	294
Advance for relocation of telecommunication cables (b)	29	2,271
Dividend payable	22,050	22,050
	179,348	93,526
Security deposits	2,012	2,101
Deferred revenue	20,626	17,642
Total current trade and other payables	201,986	113,269
Total trade and other payables	205,841	117,205

- (a) Trade payables principally comprise amounts outstanding for trade purchases and on-going costs. Trade payables are non-interest bearing and are normally settled on 30 - 60 day term.

The fair value of current liabilities and non-current liabilities equals their carrying amount, as the impact of discounting is not significant.

- (b) As at balance date, the subsidiary company, Telecom Fiji Pte Limited has received \$6,273,091 (2018: \$6,273,091) (VEP) for the relocation of underground and overhead telecommunication cables for the Nadi and Suva road upgrading project. As at balance date, the relocation of underground and overhead telecommunication cables work is currently in progress and the subsidiary company has incurred a cost of \$6,244,210 (2018: \$4,001,655) which have been off-set against the advance received.

NOTE 29. DEFERRED INCOME

<b>Non-current</b>		
Government grant	6,459	6,459
Less: Accumulated amortization	(6,424)	(6,379)
Total deferred income, net	35	80

NOTE 30. DIVIDENDS

Ordinary shares

Interim dividend for the year	-	10,553
Final dividend for the year	10,553	8,442
Total dividends	10,553	18,995

Notes to the Consolidated Financial Statements  
For the year ended 31 March 2019 (Cont'd)

NOTE 31. CONTINGENT LIABILITIES	2019 \$'000	2018 \$'000
Following is a summary of estimated contingent liabilities:		
Bank and performance guarantees	3,840	1,298

**a) Legal claims**

Various claims have been brought against certain subsidiary companies. The directors have obtained legal advice on these claims and are confident that no significant liability other than those that have been brought to account or have been disclosed will eventuate.

**b) Other contingent liabilities**

- i) The subsidiary company, Vodafone Fiji Pte Limited, has provided letter of support to its subsidiary company, Datec (Fiji) Pte Limited, for the bank overdraft facility with Westpac Banking Corporation.
- ii) The holding company has given a limited guarantee to ANZ Bank (Kiribati) Limited for the term loan obtained by the subsidiary company, Amalgamated Telecom Holdings (Kiribati) Limited, to the amount of AUD 9,577,000 plus interest, costs and other amount relating to the facility.
- iii) The holding company has provided letter of support to its subsidiary company, Telecom Vanuatu Limited, for the bank overdraft facility with Bred Bank (Vanuatu) Limited.
- iv) The subsidiary company, Bluesky Samoa Limited, is in discussion with Ministry of Revenue Samoa about certain tax deductions that the Ministry has disallowed. These deductions stem from tax losses created by balance sheet write offs (accelerations of depreciation and inventory write-offs) undertaken after the group bought 75% of the shares from the Government of Samoa in 2011.

The Ministry of Revenue issued further correspondence in June 2015 maintaining its position and continuing to disallow the tax losses on the basis of the timing of change of control and the capital nature of the losses. The group has recognised a contingent liability of FJD 3,096 (USD1,449) on this matter.

- v) The subsidiary company, Telecom Cook Islands Limited has an irrevocable letter of credit of USD186,000.
- vi) The subsidiary company, Amalgamated Telecom Holdings (Kiribati) Limited has been notified by Internal Revenue Board, through letter dated 17 December 2018 to pay withholding taxes amounting to AUS \$1,731,134. This relates to taxes on airtime commission, interconnection charges and satellite/ bandwidth charges to a non-residence entity for the financial year ended 31 March 2017 and 2018. This has not been paid by the company and no provision has been made for this tax in the books of account.

The subsidiary company has made a submission objecting the withholding taxes assessed by Internal Revenue Board. In the opinion of the directors, no significant withholding tax is expected to arise and to be paid as a result of the above matter, and accordingly no provision for the above taxes that may arise has been made in the books of account.

Notes to the Consolidated Financial Statements  
For the year ended 31 March 2019

NOTE 32.	COMMITMENTS	2019 \$'000	2018 \$'000
<b>a) Capital commitments</b>			
Capital expenditure commitments as at balance date are as follows:			
	Property, plant and equipment	134,008	122,994

Capital expenditure commitments primarily relate to various capital investment projects, programs and initiatives approved by the Board of Directors of the holding company and the subsidiary companies. Capital expenditure commitments for the year ended 31 March 2019 also includes \$49,546,000 for lease of new submarine cable capacity linking Australia and USA.

**b) Operating lease expenses**

The group has entered into line rental agreements with various line rental service providers. The arrangement includes variable lease payments based on an index or rate.

The group also has a number of low value and short term leases, for which no right of use assets and liabilities have been recognised.

Refer note 17 for rental payments for the year ended 31 March 2019 in respect to the above.

**c) Sponsorship agreement with Fiji Rugby Union**

On 13 November 2017, the subsidiary company, Vodafone Fiji Pte Limited, has entered into a sponsorship agreement with Fiji Rugby Union.

As per the terms of the agreement, Fiji Rugby Union has granted sponsorship rights in respect to certain properties under the control of FRU, including the Kaji Tournament and the Under 20s Team on an exclusive basis to the subsidiary company. The subsidiary company has agreed to the acquisition of such sponsorship rights to be solely for the subsidiary company which include corporate entities for sponsorship in cash and sponsorship in kind for a period of 5 years.

**d) Sponsorship agreement with Fiji Football Association**

On 4 January 2019, the subsidiary company, Vodafone Fiji Pte Limited, entered into a sponsorship agreement with Fiji Football Association.

As per the terms of the agreement, Fiji Football Association (Association) has granted sponsorship rights in respect to its competitions, the Association and, the district affiliate teams on an exclusive basis to the subsidiary company. The subsidiary company has agreed to the acquisition of such sponsorship rights to be solely for the subsidiary company and its Consortium sponsor for sponsorship in cash and sponsorship in kind for a period of 5 years.

**e) Sponsorship agreement with Fiji National Rugby League Limited**

On 25 January 2018, subsidiary company, Vodafone Fiji Pte Limited, entered into a sponsorship agreement with Fiji National Rugby League Limited.

As per the terms of the agreement, Fiji National Rugby League (FNRL) has granted sponsorship rights in respect to its events, including the Fiji Bati team, Vodafone Cup Tournament, and Primary and Secondary School rugby events on an exclusive basis to the subsidiary company. The subsidiary company has agreed to the acquisition of such sponsorship rights to be solely for the subsidiary company for sponsorship in cash and sponsorship in kind for a period of 4 years.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 32. COMMITMENTS (CONT'D)

#### f) Sponsorship agreement with Samoa Rugby Union

Bluesky Samoa Limited has a 4-year Sponsorship Agreement with Samoa Rugby Union for the Manu Samoa 7s team and includes the HSBC Sevens Series, Rugby World Cup which happened in San Fransico 2018 and the Commonwealth Games of 2018.

The value of the contract is WST 5 million (cash and kind) for the term of the contract which ends in 2020. Annual commitment by Bluesky Samoa Limited is WST 1.25 million towards Manu Samoa 7s.

#### g) Licence fees

Certain subsidiaries within the group are committed to pay licence fees to the Government of Fiji, the Government of Kiribati (for Amalgamated Telecom Holdings (Kiribati) Limited), the Government of Vanuatu (for Telecom Vanuatu Limited) and Office of the Regulator (for Bluesky Samoa Limited) based on the audited annual gross revenue which arises directly from the provision of services under the respective licence.

Certain subsidiaries in Fiji are also committed to pay Universal Service Levies to the Government of Fiji based on the audited annual gross revenue which arises directly from the provision of services under the respective licence in the current year and such annual gross revenue are calculated net of settlements with other licences in Fiji.

#### h) As outlined in the shareholders agreement, ATH International Venture Pte Limited (ATHIV), a fully owned subsidiary of the holding company is committed to make a conditional payment of USD 10m. This amount is measured to be the notional value ascribed for the telecommunication licences and spectrums initially held by Austel Pty Ltd (current 30% Shareholder in Digitec Group). Moreover, this payment is conditional upon the successful rollout of the mobile network by Digitec Communications Limited.

#### i) Operating lease income

The group has leased out its building space under non-cancellable operating leases. The lease has varying terms, review clauses and renewal rights. On renewal, the term of the lease is renegotiated. The group also earns rental income from colocations.

Commitments for minimum lease income in relation to non-cancellable operating leases are receivable as follows:

	2019 \$'000	2018 \$'000
Within one year	1,900	966
Later than one year but not later than five years	1,715	1,520
	3,615	2,486

### NOTE 33. RELATED PARTY DISCLOSURES

#### a) Parent entity

The parent entity of the holding company is Fiji National Provident Fund, which is an entity incorporated in Fiji.

#### b) Directors

The names of persons who were directors of the holding company at any time during the financial year are as follows:

Mr Ajith Kodagoda - Chairman  
Mr Arun Narsey  
Mr Umarji Musa  
Mr David Kolitagane

Mr Taito Waqa  
Mr Tom Ricketts  
Mr Sanjay Kaba - Resigned 7 December 2018

Directors' remuneration is disclosed under Note 11.

Notes to the Consolidated Financial Statements  
For the year ended 31 March 2019 (Cont'd)

**NOTE 33. RELATED PARTY DISCLOSURES (CONT'D)**

**c) Sale of services**

Following is a summary of different sale transactions the group had with the related companies during the year:

	2019 \$'000	2018 \$'000
Interest income	29	60
Advertising income	16	-

During the year, the group provided telecommunication related goods and supply of equipment to the ultimate parent entity, Fiji National Provident Fund and its related entities, Government of Fiji, other Government owned entities, directors and director related entities and to executives. These services were provided at normal commercial rates, terms and conditions.

**d) Purchases of services**

Following is a summary of different purchase transactions the group had with the related companies during the year:

Interest expenses and fees	686	43
Operating leases - parent entity	63	63
Rental	812	691

**e) Key management personnel compensation**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entities of the group, directly or indirectly, including any director (whether executive or otherwise) of those entities.

The aggregate compensation to key management personnel are as follows:

Salaries and other short-term employee benefits	6,877	6,488
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**f) Year-end balances arising from sales/purchases of services**

Receivables from related parties (Note 22):		
- Ultimate parent entity	222	331
Payables to related parties (Note 28):		
- Ultimate holding entity	44	294

**g) Loans and advances to / (from) related parties**

Advance to other related entity - Amalgamated Telecom Nominees Limited (Note 22)	2,482	2,482
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Refer Note 21 for terms underlying the advance to other related entity.

**h) Borrowings from ultimate parent entity**

Term loans (Note 26)	65	-
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**i) Other investments**

Term deposits held with the HFC Bank (Note 21)	17,000	12,000
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## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 34. SUBSIDIARY COMPANIES

The financial statements of the group incorporate the assets, liabilities and results of the following subsidiary companies. The basis of consolidation is discussed under note 2 (d).

		Class of shares	Equity holding	
			2019	2018
Telecom Fiji Pte Limited	Fiji	Ordinary	100%	100%
Fiji International Telecommunications Pte Limited (FINTEL)	Fiji	Ordinary	100%	100%
Vodafone Fiji Pte Limited (VFL)	Fiji	Ordinary	51%	51%
Fiji Directories Pte Limited	Fiji	Ordinary	100%	100%
Datec (Fiji) Pte Limited (DFL)	Fiji	Ordinary	100%	100%
Datec Australia Pty Limited	Australia	Ordinary	100%	100%
Amalgamated Telecom Holdings (Kiribati) Limited	Kiribati	Ordinary	100%	100%
Telecom Vanuatu Limited	Vanuatu	Ordinary	100%	100%
ATH International Venture Pte Limited (ATHIV) (b)	Singapore	Ordinary	100%	-
Digitec Communication Limited - PNG	PNG	Ordinary	70%	-
Digitec ICT Limited - PNG	PNG	Ordinary	70%	-
Etech ICT Pty Limited - Australia	Australia	Ordinary	70%	-
Etech ICT Pte Limited - Singapore	Singapore	Ordinary	70%	-
Amalgamated Bluesky Telecom Holdings Incorporated (ABHI) (c)	USA	Ordinary	100%	-
AST Telecom LLC (AST)	American Samoa	Ordinary	100%	-
eLandia Technologies, LLC (c)	USA	Ordinary	100%	-
American Samoa Entertainment	American Samoa	Ordinary	100%	-
Bluesky Samoa Limited	Samoa	Ordinary	72.9%	-
Telecom Cook Islands Limited	Cook Islands	Ordinary	27.1%	-
TCNZ Cook Islands Limited	Cook Islands	Ordinary	45.1%	-
Bluesky Pacific Holdings Limited	Samoa	Ordinary	60.2%	-
Bluesky Holding New Zealand Limited	New Zealand	Ordinary	60.2%	-
Teleraro Management Limited	Cook Islands	Ordinary	45.1%	-
American Samoa Hawaii Cable LLC	American Samoa	Ordinary	66.66%	-
Samoa American Samoa	American Samoa	Ordinary	66.66%	-

(a) All the subsidiaries have the same balance date as the parent entity which is 31 March, except for the Bluesky Group. The financial year end of the subsidiary companies within the Bluesky group is 31 December.

(b) On 7 December 2018, the Amalgamated Telecom Holdings Limited (ATH) incorporated fully owned subsidiary company, ATH International Venture Pte Limited in Singapore.

Effective 1 January 2019, the ATH International Venture Pte Limited acquired 70% shareholding in the Etech ICT Pty Limited of Australia, Etech ICT Pte Limited of Singapore and Digitec Communications Limited of Papua New Guinea from Austel Investments Pty Limited of Australia and Digitec Communications Limited of Papua New Guinea for a purchase consideration of US\$13.32 million (FJ\$28million approximately).

Notes to the Consolidated Financial Statements  
For the year ended 31 March 2019 (Cont'd)

**NOTE 34. SUBSIDIARY COMPANIES (CONT'D)**

- (c) On 23 September 2016, Amalgamated Telecom Holdings Limited (ATH), Amper SA of Spain and Elandia International Inc. of USA entered into a Sale and Purchase Deed (SPD) where the primary transaction is for ATH's acquisition of 100% of the membership interests in AST Telecom LLC of American Samoa and 100% of the issued share capital in eLandia Technologies Inc. of USA for a purchase price of circa USD79 million.

Prior to 1 January 2019, the company had obtained all appropriate consents for the (direct or indirect) change of control of various licences and permits and foreign investment approvals, waivers or non-objections from respective government and regulatory authorities of the companies in the set of target entities in South Pacific (referred as Bluesky Group) and completed the transaction. The total purchase consideration paid including purchase of certain minority shareholding in Bluesky Group of FJ\$196.64million.

On 31 January 2018, ATH incorporated fully owned subsidiary company, Amalgamated Bluesky Telecom Holdings Incorporated of USA. Amalgamated Bluesky Telecom Holdings Incorporated of USA holds 100% membership interest in AST Telecom, LLC.

- (d) The principal activity of Amalgamated Telecom Nominees Limited (ATN) is to hold the shares of Amalgamated Telecom Holdings Limited for the qualifying employees of the group under Employee Share Option Plan. Accordingly, the financial statements of ATN are not consolidated in the group financial statements. In accordance with the Employee Share Option Plan Trust Deed dated 8 October 2002 and amendments thereto, any surplus balance in the Cash Fund upon liquidation of ATN and after satisfaction of all obligations will be paid to the holding company.

**NOTE 35. ASSOCIATED ENTITIES**

Entity	Place of Incorporation	% Owned	Investment Book Value (\$)	
			2019	2018
Amalgamated Telecom Holdings (PNG) Limited (non-operating entity)	PNG	50%	1	1
Bluesky SamoaTel Investments Limited	Samoa	24.88%	-	12,258,281

**(ii) Summarised Financial Information of Associated Companies for the year ended 31 March 2018**

Name	Total Revenue \$	Profit \$	Total Assets \$	Total Liabilities \$	Net Assets \$
Bluesky SamoaTel Investments Limited	47,627,838	2,481,236	75,807,447	36,089,605	39,717,842

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 36. SEGMENT REPORTING

#### a) Operating Segments

	Fixed Line Telecom \$'000	Mobile Telecom \$'000	Other \$'000	Elimination \$'000	Group \$'000
<b>31 March 2019</b>					
<b>Revenue</b>					
External customer	70,632	388,576	64,742	-	523,950
Inter-segment	19,282	9,265	75,795	(104,342)	-
Other income	11,546	2,357	3,763	-	17,666
<b>Total revenue</b>	<b>101,460</b>	<b>400,198</b>	<b>144,300</b>	<b>(104,342)</b>	<b>541,616</b>
<b>Expenses</b>					
Depreciation and amortisation	18,396	43,164	4,997	(250)	66,307
Finance cost/(income)	795	4,696	2,911	441	8,843
Direct and other expenditure	55,761	273,859	55,110	(30,991)	353,739
<b>Total expenses</b>	<b>74,952</b>	<b>321,719</b>	<b>63,018</b>	<b>(30,800)</b>	<b>428,889</b>
<b>Segment profit before tax</b>	<b>26,508</b>	<b>78,479</b>	<b>81,282</b>	<b>(73,549)</b>	<b>112,727</b>
<b>Operating assets</b>	<b>138,549</b>	<b>514,363</b>	<b>826,790</b>	<b>(358,234)</b>	<b>1,121,468</b>
<b>Operating liabilities</b>	<b>38,348</b>	<b>347,600</b>	<b>341,174</b>	<b>(65,196)</b>	<b>661,926</b>
<b>31 March 2018</b>					
<b>Revenue</b>					
External customer	66,386	380,756	13,274	-	460,416
Inter-segment	14,564	7,030	50,202	(71,796)	-
Other income	15,424	6,743	4,747	(6,861)	20,053
Share of profit from associate	-	-	462	-	462
<b>Total revenue</b>	<b>96,374</b>	<b>394,529</b>	<b>68,685</b>	<b>(78,657)</b>	<b>480,931</b>
<b>Expenses</b>					
Depreciation and amortisation	17,084	35,311	1,974	(250)	54,119
Finance cost/(income)	(210)	2,916	3,028	-	5,734
Direct and other expenditure	57,055	264,481	10,255	(24,244)	307,547
<b>Total expenses</b>	<b>73,929</b>	<b>302,708</b>	<b>15,257</b>	<b>(24,494)</b>	<b>367,400</b>
<b>Segment profit before tax- restated</b>	<b>22,445</b>	<b>91,821</b>	<b>53,428</b>	<b>(54,163)</b>	<b>113,531</b>
<b>Operating assets</b>	<b>136,899</b>	<b>363,775</b>	<b>463,983</b>	<b>(282,071)</b>	<b>682,586</b>
<b>Operating liabilities</b>	<b>43,355</b>	<b>209,921</b>	<b>150,392</b>	<b>(62,554)</b>	<b>341,114</b>

Notes to the Consolidated Financial Statements  
For the year ended 31 March 2019 (Cont'd)

**NOTE 36. SEGMENT REPORTING (CONT'D)**

b) Geographical segments

	Fiji \$'000	Outside Fiji \$'000	Elimination \$'000	Group \$'000
<b>31 March 2019</b>				
<b>Revenue</b>				
External customer	412,570	111,380	-	523,950
Inter-segment	103,725	617	(104,342)	-
Other income	19,479	(1,813)	-	17,666
<b>Total revenue</b>	<b>535,774</b>	<b>110,184</b>	<b>(104,342)</b>	<b>541,616</b>
<b>Expenses</b>				
Depreciation and amortisation	49,526	17,031	(250)	66,307
Finance cost / (income)	5,001	3,401	441	8,843
Direct and other expenditure	300,109	84,621	(30,991)	353,739
<b>Total expenses</b>	<b>354,636</b>	<b>105,053</b>	<b>(30,800)</b>	<b>428,889</b>
<b>Segment profit before tax</b>	<b>181,138</b>	<b>5,131</b>	<b>(73,542)</b>	<b>112,727</b>
<b>Operating assets</b>	<b>1,115,535</b>	<b>364,167</b>	<b>(358,234)</b>	<b>1,121,468</b>
<b>Operating liabilities</b>	<b>527,938</b>	<b>199,184</b>	<b>(65,196)</b>	<b>661,926</b>
<b>31 March 2018</b>				
<b>Revenue</b>				
External customer	393,572	66,844	-	460,416
Inter-segment	70,830	966	(71,796)	-
Other income	22,260	4,654	(6,861)	20,053
Share of profit from associates	-	462	-	462
<b>Total revenue</b>	<b>486,662</b>	<b>72,926</b>	<b>(78,657)</b>	<b>480,931</b>
<b>Expenses</b>				
Depreciation and amortisation	45,039	9,330	(250)	54,119
Finance cost / (income)	3,172	2,562	-	5,734
Direct and other expenditure	281,738	50,053	(24,244)	307,547
<b>Total expenses</b>	<b>329,949</b>	<b>61,945</b>	<b>(24,494)</b>	<b>367,400</b>
<b>Segment profit before tax - restated</b>	<b>156,713</b>	<b>10,981</b>	<b>(54,163)</b>	<b>113,531</b>
<b>Operating assets</b>	<b>863,771</b>	<b>100,886</b>	<b>(282,071)</b>	<b>682,586</b>
<b>Operating liabilities</b>	<b>335,989</b>	<b>67,679</b>	<b>(62,554)</b>	<b>341,114</b>

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 37. SIGNIFICANT EVENTS DURING THE YEAR

During the year:

- (a) On 7 December 2018, the subsidiary company, ATH International Venture Pte Limited (ATHIVPL), a fully owned holding company of Amalgamated Telecom Holdings Limited (ATH) was incorporated in Singapore and executed definitive agreements to purchase 70% shareholdings in each of Digitec Communications Limited, Etech ICT Pte Limited and Etech ICT Pty Limited (collectively Digitec Group).

The Parties agreed to ATHIVPL acquiring 70% shareholding in the Digitec Group for a total consideration of USD13.32 million on 10 December 2018. The parties have also agreed to capitalise Digitec Communications Limited to fund a mobile network rollout in Papua New Guinea. The acquisition was effective on the date of change of control, which was 1 January 2019.

- (b) On 12 November 2018, as required by the U.S. Department of Justice (DOJ), the U.S. Department of Homeland Security (DHS) and the U.S. Department of Defence (DOD), (collectively, Team Telecom) ATH executed a Letter of Assurances (LoA) and a Letter of Commitments (LoC) outlining the operational procedures and policies of the various operations in American Samoa to ensure the compliance with U.S. national security requirements. The LoA and LoC superseded an earlier LoA ATH provided to DHS on May 7 2018.

Consequently, on 14 November 2019, Team Telecom petitioned the Federal Commissions Commission (FCC) with non-objection to the change of control subject to the LoA, LoC and any other conditions the FCC imposed on the transaction.

On 16 November 2018, the FCC, via public notice, notified the FCC's decision to grant the parties joint application for the transfer of authorisations provided under section 214 of the Communications Act (1934, as amended) to enable the change of control of the American Samoan businesses. The transfer of various radio frequency licences and other authorisations were additionally granted by the FCC.

Subsequent to Team Telecom's non objection to the transaction and change of control, on 10 December 2018, the Committee on Foreign Investment in the U.S. (CFIUS) advised the parties that it had completed its review under section 721 of the Defence Production Act (1950, as amended) and assessed that there were no national security issues outstanding. This final clearance from CFIUS together with the Team Telecom and FCC clearances completed the set of all necessary approvals required by ATH and Amper to complete the sale of Amper's interests in the Bluesky Group to ATH.

Amper SA agreed for the transfer of control of AST Telecom, LLC doing business as Bluesky of USA, American Samoa Hawaii Cable, LLC, of Samoa and Samoa American Samoa Cable, LLC of Samoa to ATH to be effective from 1 January 2019.

On 22 February 2019, the holding company, Amalgamated Telcom Holdings Limited (ATH), settled the balance of the purchase price payable for with eLandia International Inc. 100% shareholding of elandia Technologies Inc (elandia Technologies) and 100% of the membership interest in AST Telecom LLC (AST Telecom). The balance of the purchase price payable of USD43.5 million was financed through an additional loan from ANZ (Fiji) which was in addition to the existing facilities.

- (c) The holding company, Amalgamated Telecom Holdings Limited (ATH) received a conditional approval from the Fijian Competition and Consumer Commission (FCCC) for the integration of subsidiary Telecom Fiji Pte Limited (TFL) and Fiji International Telecommunications Limited (FINTEL) via TFL acquisition of certain assets and liabilities of FINTEL. The integration remains on foot while the companies are working towards meeting the regulatory conditions and obtaining official (High Court) sanction to proceed with the transaction.

## Notes to the Consolidated Financial Statements For the year ended 31 March 2019 (Cont'd)

### NOTE 38. EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to balance date:

- (a) On 8 May 2019, the Government of the Cook Islands, through the Ministry of Finance and Economic Management released the draft Cook Islands Telecommunications Market Competition Policy 2019 for public consultation. The draft Policy articulates the Government's intention to undertake legislative and regulatory reforms to liberalise the telecommunications market sometime in the near future. While the impact of liberalisation would by definition result in a reduction in the market share of the incumbent operator, Telecom Cook Islands Limited and management remain confident that the company will maintain its position as the market leader in the Cook Islands.
- (b) On 6th June, the Fijian Competition and Consumer Commission made an interim Authorisation for Prices for Access to Southern Cross Cable using FINTEL's Cable Landing Station and ICT Data Levy Fee. This authorisation amends charges for:
- (1) Co-ordination of Access Approval and Landing of Capacity;
  - (2) Facilities Interconnect Service; and
  - (3) Co-location Service and is effective from 10 June 2019. The ICT Data Levy Fee is effective from 1 August 2019.

This regulatory pricing changes has direct impact on all our Fiji subsidiaries and may impact investment outlook on certain investments. e.g. one off charges by Fintel ceases to apply, Facilities Interconnect Service \$4,000 per Gb VEP per month based on lit capacity. Co-location Service \$1,500 per square metre per month ICT Data Levy Fees (\$0.10 per GB used).

The ICT Data Levy fee is calculated on the assumed revenue from data usage regardless of the actual price. The assumed revenue is set at \$1.00 per GB and the data levy is at the rate of \$0.10 per GB. The ICT voice levy fee of 7 cents will cease to apply from 1 August 2019.

We will continue to work with the FCCC to understand and work through these authorisations. FCCC has indicated that a review of the ICT Data Levy fee will be conducted in 12 months to assess the adequacy of the rates.

- (c) Vodafone Fiji Pte Limited sold 30% of its ordinary shares in Datec (Fiji) Pte Limited to QuestTech Pty Limited. The share transfer was completed on 18th July 2019.

Apart from the above, no matters or circumstances have arisen since the end of the financial year which would require adjustment to or disclosure in the consolidated financial statements.

### NOTE 39. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 25 July 2019.

## South Pacific Stock Exchange - Listing Requirements

### 1. Statement of interest (direct and indirect) of each director in the share capital of the company as at 31 March 2019 Under Section 51.2 (iv):

Directors	Direct Interest (Number of Shares)	Indirect Interest (Number of Shares)
Umarji Musa	5,000	-

### 2. Top 20 shareholders report under section 51.2 (v):

Shareholders	No. Of Shares
Fiji National Provident Fund	306,631,619
Republic of Fiji Islands	72,966,105
Unit Trust of Fiji (Trustee Company) Limited	19,391,624
Fijians Trust Fund	5,000,000
Amalgamated Telecom Nominees Limited	4,700,193
Yasana Holdings Limited	3,091,363
FHL Trustees Limited Atf Fijian Holdings Unit Trust	2,132,097
BSP Life (Fiji) Limited	1,819,668
Carlisle (Fiji) Limited	250,893
Naitasiri Provincial Council	155,670
Jacks Equity Investment Limited	114,013
JP Bayly Trust	111,500
Kiran Lata Kumar	100,000
Nakuruvakarua Company Limited	100,000
Gerald William Sydney Barrack	100,000
RFMF Army Medical Scheme	100,000
Lomaiviti Provincial Council	94,340
Rewa Provincial Council	94,300
Hari Punja A & Sons Limited	89,907
Macuata Provincial Council	76,500

### 3. Distribution of share holding under Section 51.2 (vi):

Holding	No. of Holders	Total % Holding
Less than 500 shares	58	3.96%
500 to 5,000 shares	1,190	81.17%
5,001 to 10,000 shares	128	8.73%
10,001 to 20,000 shares	40	2.73%
20,001 to 30,000 shares	9	0.61%
30,001 to 40,000 shares	5	0.34%
40,001 to 50,000 shares	11	0.75%
50,001 to 100,000 shares	13	0.89%
100,001 to 1,000,000 shares	4	0.27%
Over 1,000,000 shares	8	0.55%
<b>Total</b>	<b>1,466</b>	<b>100%</b>

### 4. Mr Ajith Kodagoda has waived emolument due to him on his appointment as Chairman of the Board of Directors on 18 August 2010.

Amalgamated Telecom Holdings Limited and Subsidiary Companies

5. Disclosure on the trading results of each subsidiary under Section 51.2 (x):

	Telecom Fiji Limited	Vodafone Fiji Limited & Subsidiary Companies	FINTEL	Fiji Directories Limited	ATH Kiribati Limited	Telecom Vanuatu Limited	Bluesky Group	Digitec Group
<b>(Amount in \$'000)</b>								
Sales revenue	77,637	335,722	19,675	4,550	20,645	49,529	32,474	9,352
Other Operating revenue (excluding dividends)	16,753	6,620	189	95	27	303	1,586	101
	94,390	342,342	19,864	4,645	20,618	49,226	30,888	9,453
Depreciation and amortisation	17,615	29,874	1,892	116	3,137	8,149	5,652	94
Impairment	-	-	-	-	-	-	-	-
Cost of Sales	17,893	142,340	1,308	379	8,472	17,756	8,455	5,288
Other expenses	35,068	94,177	4,650	1,511	6,408	21,021	11,801	5,410
Finance cost/(income) net	14	1,801	-822	-51	431	2,204	767	-
Income tax expense/(benefit)	4,479	14,837	2,580	545	752	-	1,593	2,894
	75,069	283,029	9,608	2,500	19,200	49,130	28,268	13,686
Net profit after income tax (excluding dividends)	19,321	59,313	10,256	2,145	1,418	96	2,620	4,233
Operating assets	138,549	412,334	36,272	6,603	32,331	79,499	215,448	36,902
Operating liabilities	38,348	276,099	15,191	3,300	26,964	49,672	83,878	38,670
Shareholders' equity	100,201	136,235	21,081	3,303	5,367	29,827	131,570	-1,768

6. Share Register

Amalgamated Telecom Holdings Limited  
Harbour Front Building  
Roadwell Road  
Suva  
Phone: (679) 3308-700

Amalgamated Telecom Holdings Limited and Subsidiary Companies

## South Pacific Stock Exchange - Listing Requirements (Cont'd)

### 7. Group Consolidated Ten Years Financial Performance under section 51.2 (xiv):

	For the 12 months ended 31 March 2019 (\$'000)	For the 12 months ended 31 March 2018 (\$'000)	For the 12 months ended 31 March 2017 (\$'000)	For the 12 months ended 31 March 2016 (\$'000)	For the 12 months ended 31 March 2015 (\$'000)	For the 12 months ended 31 March 2014 (\$'000)	For the 12 months ended 31 March 2013 (\$'000)	For the 12 months ended 31 March 2012 (\$'000)	For the 12 months ended 31 March 2011 (\$'000)	For the 12 months ended 31 March 2010 (\$'000)
Operating Revenue	523,950	460,416	394,702	356,211	310,668	281,004	270,469	249,411	247,068	254,783
EBIT	121,570	118,803	108,411	90,878	85,272	46,664	(31,040)	51,251	36,775	32,136
EBITDA	187,877	173,384	153,611	134,468	129,903	93,109	26,171	108,603	94,023	80,500
Net Earnings	54,315	58,065	54,222	56,725	49,812	14,469	(15,905)	18,362	4,142	15,382
Earnings per share	12.90 cents	13.8 cents	12.8 cents	13.4 cents	11.8 cents	3.4 cents	(4.0 cents)	4.0 cents	1.0 cents	3.6 cents
Return on equity	16.55%	20.56%	22.3%	26.5%	25.7%	8.4%	(9.3%)	8.9%	2.1%	7.2%
Total Assets	1,121,468	682,586	635,313	466,882	417,105	396,813	444,481	518,839	504,054	508,137
Return on assets	7.2%	11.5%	19.2%	23.0%	22.7%	10.7%	(5.6%)	8.9%	5.2%	7.4%
Current Ratio	0.99 times	0.85 times	0.61 times	0.76 times	0.82 times	0.86 times	0.84 times	0.77 times	0.46 times	0.50 times
Net Debt	258,018	99,723	118,233	12,139	22,394	46,606	63,781	85,098	102,493	87,883
Gearing	36%	23%	29%	5.0%	9.0%	19.0%	23.0%	24.0%	30.0%	26.3%
Interest cover	10.71 times	13.82 times	34.9 times	41.5 times	28.9 times	9.9 times	(8.6) times	6.2 times	5.1 times	4.4 times
Net cash flow from operating activities	140,350	129,828	132,590	105,006	116,340	94,252	92,739	78,949	76,082	72,340
Capital expenditure	184,093	84,306	43,412	71,932	60,810	24,636	52,429	27,699	73,376	63,920
Dividend per share	\$0.025	\$0.045	\$0.06	\$0.08	\$0.07	\$0.05	\$0.045	\$0.03	\$0.03	\$0.05
Net Tangible Asset per share	\$0.31	\$0.60	\$0.50	\$0.44	\$0.41	\$0.35	\$0.35	\$0.44	\$0.51	\$0.58
Market price per share	\$3.28	\$2.28	\$1.32	\$1.20	\$1.01	\$0.80	\$0.84	\$0.75	\$0.89	\$1.00
Maximum market price per share	\$3.28	\$2.30	\$1.32	\$1.25	\$1.01	\$0.86	\$0.89	\$0.89	\$1.01	*
Minimum market price per share	\$2.28	\$1.32	\$1.08	\$1.00	\$0.81	\$0.60	\$0.70	\$0.65	\$0.88	*
Price Earnings ratio	25.43 times	16.52 times	10.3 times	8.9 times	8.6 times	23.5 times	(21.0) times	18.8 times	89 times	27.8 times
Dividend Yield	0.76%	1.9%	4.5%	6.7%	6.9%	6.3%	5.4%	4.0%	3.4%	5%



## SUBSIDIARY COMPANIES

### Vodafone Fiji Pte Limited

168 Princes Road, Tamavua  
Private Mail Bag  
Suva, Fiji  
Phone (679) 3312-000  
Fax (679) 3312-007  
Website: [www.vodafone.com.fj](http://www.vodafone.com.fj)

### Telecom Vanuatu Limited

Telecom House  
Father Walter Lini Highway  
Port Vila, Efate, Vanuatu  
Phone: (678) 22185  
Fax: (678) 22628  
Website: [www.tvl.vu](http://www.tvl.vu)

### Telecom Fiji Pte Limited

Level 5 Telecom New Wing Building  
Edward Street  
Private Mail Bag  
Suva, Fiji  
Phone (679) 3304-019  
Fax (679) 3301-765  
Website: [www.tfl.com.fj](http://www.tfl.com.fj)

### Amalgamated Telecom Holdings (Kiribati) Limited

P O Box 72  
Bairiki, Tarawa  
Kiribati  
Phone (686) 74020700  
Website: [www.athkl.com.ki](http://www.athkl.com.ki)

### Fiji International Telecommunications Pte Limited

151 Rifle Range, Vatuwaqa  
G P O Box 59  
Suva, Fiji  
Phone (679) 3312-933  
Website: [www.fintel.com.fj](http://www.fintel.com.fj)

### Bluesky Samoa Limited

Bluesky Samoa, Maluafof HQ  
Apia, Samoa  
Phone (685) 67788  
Fax (685) 24123  
Website: [info@blueskypacificgroup.com](mailto:info@blueskypacificgroup.com)

### Fiji Directories Pte Limited

Levels 4 Telecom New Wing Building  
Edward Street  
G P O Box 16059  
Suva, Fiji  
Phone (679) 3311-000  
Fax (679) 3300-004  
Website: [www.yellowpages.com.fj](http://www.yellowpages.com.fj)  
[www.whitepages.com.fj](http://www.whitepages.com.fj)

### Telecom Cook Islands Limited

P O Box 106  
Parekura  
Avarua, Rarotonga  
Cook Islands  
T: (682) 29-680  
Website:  
[ck.info@blueskypacificgroup.com](mailto:ck.info@blueskypacificgroup.com)

### Datec (Fiji) Pte Limited

68 Gordon Street  
P O Box 12577  
Suva, Fiji  
Phone (679) 3314-411  
Fax (679) 3300-162  
Website: [www.datec.com.fj](http://www.datec.com.fj)

### AST Telecom LLC

Bluesky American Samoa  
478 Laufou Shopping Centre  
Pago Pago  
American Samoa 96799  
Phone Number: +1 684 699 2759  
Fax Number +1 684 699 6593  
Website: [webmaster@bluesky.as](mailto:webmaster@bluesky.as)

### Digitec ICT Limited

Sec 451, Lot 7 Cameron Road  
Gordons  
P O Box 1075, Boroko, NCD 121  
Port Moresby, Papua New Guinea  
Phone: +675 3139600  
Email: [info@digitec.com.pg](mailto:info@digitec.com.pg)  
Website: [www.digitec.com.pg](http://www.digitec.com.pg)

### Digitec Communications Limited

Sec 451, Lot 7 Cameron Road  
Gordons  
P O Box 1075, Boroko, NCD 121  
Port Moresby, Papua New Guinea  
Phone: +6753139600

### Etech ICT Pte Limited

10 Ubi Crescent #01-93  
Lobby E, Ubi Tech Park  
Singapore  
Email: [info@etechict.com](mailto:info@etechict.com)  
Website: [www.etechict.com](http://www.etechict.com)

### Etech ICT Pty Limited

Unit 3/11 Hinde Street  
Ashmore, Queensland 4214  
Australia  
Phone: +61755328300  
Email: [sales@etechict.com](mailto:sales@etechict.com)  
Website: [www.etechict.com](http://www.etechict.com)



**Registered Office**

Level 2, Harbour Front Building  
Rodwell Road  
P.O.Box 11643  
Suva  
Fiji

Phone (679) 3308700  
Fax (679) 3308044

Website: [www.ath.com.fj](http://www.ath.com.fj)